



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 3.4
26 NOVEMBER 2018	PUBLIC REPORT

BUSINESS BOARD PRIVATE SECTOR BOARD MEMBERS – EXPENSES AND ALLOWANCES SCHEME

1.0 PURPOSE

- 1.1. The Interim Business Board at its previous meetings in April and June 2018 discussed the principle of paying allowances to Business Board members. It delayed appointing an independent remuneration panel to decide on the level of allowances until after the Board was fully established and the workload was known. The Business Board will note that at that time the role of Local Enterprise Partnerships was being reviewed by the Ministry of Housing, Communities and Local Government. All Board members were advised at interview that they would receive a payment for their Board membership.
- 1.2. The Business Board is asked to agree a method of deciding the level of allowances. It is recommended that an independent remuneration panel be appointed to propose an allowance scheme.
- 1.3. The Business Board is also asked to agree
- (a) to adopt an interim expenses scheme for private sector board members;
 - (b) to agree an interim allowance for the Chair until the Business Board adopts an allowance scheme following a report from the Independent Remuneration Panel.

<u>DECISION REQUIRED</u>	
Lead Member:	Chair of the Business Board
Lead Officer:	Patrick Arran, Legal Counsel and Monitoring Officer Noel O’Neil, Chief Finance Officer
Forward Plan Ref: N/A	Key Decision: No
Recommendations	Voting arrangements

<p>The Business Board is recommended to:</p> <ul style="list-style-type: none"> (a) note the Interim Business Board agreed the principle of paying allowances to private sector members of the Business Board and that positions were advertised on this basis; (b) Agree that an independent remuneration panel should be convened to consider the level of allowances payable to: <ul style="list-style-type: none"> a. the Chair; b. the Vice Chair; c. Other private sector board members. (c) that the Monitoring Officer be authorised to source a suitable panel to recommend an allowance scheme to the Business Board; (d) agree as an interim measure until a scheme is agreed to <ul style="list-style-type: none"> a. adopt an expenses scheme for private sector board members to take effect from July 2018. A proposed scheme is set out in Appendix 1. b. confirm the Chair's allowance of £2,000 a month to take effect from the date of the appointment. <p>(The Combined Authority will be asked to ratify any decision made by the Business Board)</p> <p>a.</p>	<p>Simple majority of all members</p>
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2.0 BACKGROUND

2.1. The Interim Business Board at their meeting in April and June discussed the roles and allowances for private sector members. It noted that future members were expected to provide their time

- (a) to attend board meetings,
- (b) to help promote the aims of the Board in the wider sector, and
- (c) to seek the views of the wider sector on growth and infrastructure proposals.

2.2. It was noted that those who wished to be involved were committed professionals, and it was important that they felt able to commit their valuable time to Board activities. . All the Board members were advised at interview that they would receive a payment for their Board membership.

2.3. The Interim Business Board discussed convening an independent remuneration panel to consider the level of remuneration that should be paid to private sector

board members but decided to defer any decision until after the Board was fully established and the workload was known.

- 2.4. Since then, the Ministry of Housing, Communities and Local Government has published Strengthening Local Enterprise Partnerships (July 2018) which set out the Government's expectations of Local Enterprise Partnerships' roles and responsibilities.
- 2.5. General published research on remuneration of LEP Board members is limited. The DCLG Mary Ney Review published earlier in the year highlighted that "generally" LEP Board members were not remunerated, albeit the time they were expected to commit had increased. However, there is a strong ethos of public service commitment through acting on a LEP Board that should be supported. Investigations of 8 LEP boards which have recently undertaken recruitment highlighted that none of these pay remuneration, albeit payment of expenses is common.
- 2.6. Both Royal Papworth and Cambridge University Hospitals NHS Trusts have recently advertised for Non-Executive Directors, at £12-£13,000 per year for 3 days per month commitment. Remuneration for other private sector comparative roles have proved difficult to identify.

3.0 INDEPENDENT REMUNERATION PANEL

- 3.1. Any scheme should be transparent and be independent of the Business Board.
- 3.2. When local authorities consider allowances for elected members, they are required by law to appoint an independent panel to consider and make recommendations to it before it agrees any allowance scheme. The panel's report must include recommendations on the level of allowance to be paid and their reasons for making them. The Combined Authority appointed a neighbouring council's Independent Remuneration Panel when considering the Mayor's allowance. .
- 3.3. The Business Board is recommended to agree that an Independent Remuneration Panel to recommend a scheme for the Business Board.
- 3.4. Once the panel have taken evidence and produced their report, the Business Board would then decide the level of allowances based on the panel's recommendations.

4.0 REMUNERATION OF CHAIR AND VICE CHAIR

- 4.1. Government guidance stipulates that the Chair must be a private sector representative, and representatives of BEIS have also required the Vice-Chair be appointed from the private sector.
- 4.2. With the exception of the Chair, the former GCGPLEP did not pay allowances or expenses to its members. The Chair of the Greater Cambridgeshire Greater

Peterborough Local Enterprise Partnership was paid a remuneration of £24K per annum.

- 4.3. Following the establishment of the Shadow Business Board, the Mayor agreed to pay an interim allowance to the interim Chair, continuing at the same level of allowance payable to the previous Chair at £2,000 per month. This decision was later ratified by the interim Business Board on 27 June.
- 4.4. The allowance was in recognition of the significant level of work required to constitute the new Business Board and was paid from LEP core funding. The interim Chair was primarily responsible for constituting the new Board within a limited time frame and in doing so, was required to deliver a first class governance framework with specific responsibility under an evolving assurance process for governance and transparency arrangements.
- 4.5. Strengthening Local Enterprise Partnerships published by the Ministry of Housing, Communities and Local Government in July 2018 set out the Government's expectations of the Chair as follows.
 - (a) The leadership that Chairs have provided has been central to Local Enterprise Partnerships' success.
 - (b) Local Enterprise Partnerships should be led by Chairs who are visible, active participants in the business community, supported by boards with a strong business and community voice.
 - (c) Chairs must have a strong private sector background and experience of building effective organisations to ensure they are equipped with the skills needed to steer the work of a Local Enterprise Partnership. Chairs must be able to work collaboratively with a range of stakeholders, including local people, businesses and their representatives, elected officials, education institutions and voluntary and community sector bodies, holding stakeholders to account for delivery and ensuring tough decisions are taken. They must also act as an advocate for the place and be able to represent the concerns of its people, institutions and businesses, both locally and at the highest levels of Government.
 - (d) As the role of Local Enterprise Partnerships evolves, it is increasingly important for Chairs to be strategic operators – able to interpret the external environment, articulate the Local Enterprise Partnership's position within it and amplify the board's stated ambitions. As Local Enterprise Partnerships invest significant amounts of public money, it is critical that Chairs have an eye on the detail and ensure that the correct processes are in place to provide assurance on both how funding is allocated and how it is managed. The support that they receive to carry out this greater strategic function must also be strengthened, including through the appointment of a Deputy Chair for each Local Enterprise Partnership.
 - (e) There will be an increase in regular Government dialogue with Local Enterprise Partnerships, to reflect their strengthened role. This includes the Prime Minister-chaired 'Council of Local Enterprise Partnership Chairs', which was announced in the Industrial Strategy. This will allow Chairs to identify key areas for action, inform national policy, and enable

closer cooperation with Government on delivering the Industrial Strategy objectives. To complement this, each Local Enterprise Partnership will be supported by a senior official sponsor from across Whitehall, to provide additional guidance on working with Government.

- 4.6. Therefore, the role of the Chair is critical the Board's success. The high profile role of the Chair requires direct and pro-active leadership both nationally and locally, and as such a substantially greater time commitment than that required from any other Board member. .
- 4.7. An independent report from Ogers Berndsten in 2012 indicated that Chairs were expected to commit 2-3 days a week to their LEP role; in contrast, most LEPs recruit for Board members on a 2-3 days a month commitment. In addition, the Chair serves as a voting member of the Combined Authority and would be expected to attend Combined Authority meetings.
- 4.8. The Ogers Berndsten report indicated that at the time, about 1 in 6 LEP Chairs were remunerated although there was support from a larger number of LEPs towards remunerating the chairs. Remuneration ranged from £13k to £24k. It was also identified that Councillors were remunerated; and giving remuneration can legitimise the role. Arguments against included that other businesses may question the motives of board members if they are remunerated; and the concern that public funding should directly support growth projects rather than board remuneration.
- 4.9. It is recommended that the Business agree that the Chair should be paid an interim allowance of £2,000 until the independent remuneration panel has reported and the Board has agreed an allowance scheme. If agreed, the Chair would not be entitled to claim any other type of expenses.

5.0 EXPENSES

- 5.1. Members have incurred expenses attending Business Board meetings and to attend National Local Enterprise Partnership meetings and training sessions, including transport and accommodation costs. The Business Board may wish to consider adopting an expenses scheme. A scheme similar to the one operated by local councils is attached at Appendix 1. The Board may wish to adopt this scheme until the independent remuneration panel has reported and the Board has agreed an allowance scheme. With the exception of the Chair, members would be able to claim allowances for approved duties.

6.0 FINANCIAL IMPLICATIONS

- 6.1. The payment of Board members would result in a financial implication which would require appropriate approval procedures.
- 6.2. The cost of the panel is approximately £20 per hour with a maximum of £150 per day per panel member plus expenses. The panel usually consists of 2-3 persons. There will be a fee from the host authority for supporting the panel.

6.3. Provision for the remuneration of the Chair of the Business Board is already included in the budget for 2018/19 based on the interim allowance already agreed to by the Mayor and Business Board. Further budgetary provision to cover additional Member allowances will be dependent on the outcome of any recommendation made by the Independent Remuneration Panel.

7.0 LEGAL IMPLICATIONS

7.1. There are no legal implications.

8.0 SIGNIFICANT IMPLICATIONS

8.1. There are no significant other implications.

9.0 APPENDICES

9.1. Appendix 1 – Proposed Interim Expenses Scheme

Source Documents

The report references the Ogors Berndsten review of LEP chairs, available at:

www.semlep.com/modules/downloads/download.php?file_name=56

Business Board – Agenda (Agenda item 1.4) and minutes of 30 April 2018 and 25 June 2018

<http://cambridgeshirepeterborough-ca.gov.uk/meetings/business-board-meeting-3/?date=2018-06-25>

EXPENSES POLICY FOR PRIVATE SECTOR MEMBERS OF THE BUSINESS BOARD

The expenses policy only applies to private sector members of the Business Board with the exception of the Chair who will receive a separate allowance.

1. Travel expenses

- 1.1 It is expected that Members of the Business Board will utilise public transport where possible, in order to reduce his/her carbon footprint and maximise efficiency.
- 1.2 Public transport fares will be reimbursed at cost on production of a valid ticket or receipt. In the case of travel by rail, standard class fare or actual fare paid (if less) will be reimbursed.
- 1.3 Travel by private vehicles will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently these are 45p per mile for the first 10,000 miles and 25p a mile thereafter and an additional 5p per mile where a passenger (such as another member of the Business Board) is carried. Parking fees will be reimbursed at cost on production of a valid ticket or receipt.
- 1.4 Taxi fares will only be reimbursed on production of a valid receipt. Travel by taxi should only be undertaken where use of an alternative is not available or if the following conditions are applicable:
 - There is a significant saving in official time;
 - The Member has to transport heavy luggage or equipment; and/or
 - Where the Member is travelling with other officials of the Business Board together and it is therefore a cheaper option.
- 1.5 Travel expenses will be reimbursed for any journey undertaken where the member was undertaking approved duties (see section 5 below). Travel expenses will only be reimbursed if claimed within three months.

2. Overseas Travel

- 2.1 International travel will not normally be paid unless the overseas visit has been approved by the Chief Executive and the Business Board Chair or Vice Chair in advance.
- 2.2 The Chief Executive is also required to confirm that the member of the Business Board's attendance at the overseas function or event:
 - (a) Is in the capacity as a member of the Business Board,
 - (b) Represents value for money
 - (c) Is required to facilitate the proper promotion or safeguarding of Business Board interests.

2.3 International travel must be booked through the offices of the Combined Authority at the appropriate market rate. Higher rates for international travel will only be booked where it is clearly in the Business Board's interest and where formal approval has been given in advance by the Chief Executive. Any other reasonable and unavoidable costs related to international travel will be reimbursed on production of a receipt.

3. Subsistence expenses

3.1 Subsistence should not be claimed except in exceptional circumstances.

3.2 Formal approval must be given in advance by the Chief Executive for the use of overnight hotel accommodation. Overnight hotel accommodation must be booked through the offices of the Combined Authority at the appropriate market rate. Higher rates of accommodation will only be booked where it is clearly in the Business Board's interest and formal approval has been given in advance by the Chief Executive. Any other reasonable and unavoidable costs related to overnight stays will be reimbursed on production of a receipt.

3.3 Where the Member is required to be away overnight then the offices of the Combined Authority should, where possible, make advance provision for meals. Where this is not possible, then the maximum rates that can be claimed are shown below. Any claim for subsistence must be supported with receipts for actual expenditure incurred.

- Lunch - £10
- Evening meal - £15

4. Dependants' carers' expenses

4.1 If a Member has care responsibilities in respect of dependant children under 16 or dependant adults certified by a doctor or social worker as needing attendance, they will be reimbursed, on production of valid receipts, for actual payments to a registered or professional carer. Where care was not provided by a registered or professional carer but was provided by an individual not formally resident at the Member's home, a maximum hourly rate of £6.50 will be payable.

4.2 Dependants' carer's expenses will only be reimbursed if incurred where the Member was undertaking approved duties (see section 5 below).

5. Approved duties

5.1 Travel and dependants' carer's expenses incurred when undertaking duties matching the following descriptions may be claimed for:

- a) Attendance at meetings or events as a member of the Business within the Combined Authority area, including:
 - (i) attendance at meetings of Business Board, committees, working groups or other bodies of the Board,

- (ii) formal briefings, training sessions organised by the Combined Authority or attendance at pre-arranged meetings with senior officers to discuss the business of the Business Board;
- (iii) attendance at the Combined Authority Board or its committees to represent the Business Board,

b) Attendance at the following subject to the approval of the Chief Executive

- (i) Representing the Business Board at meetings or events outside of the Combined Authority area;
- (ii) Conferences, seminars and study courses,
- (iii) Official functions and events
- (iv) Meetings of a non-political and non-party political nature, including with Ministers, Members of Parliament, representatives of Government Departments and representatives of major companies

c) In respect of dependants' carer's expenses only, undertaking general duties.

6. Claims and Payments

6.1 A claim for travelling and subsistence, or dependents carers' expenses under this scheme shall be made in writing to the Chief Finance Officer within **three months** of the date of the duty in respect of which the entitlement to the allowance arises.

6.2 No expenses will be paid under this scheme without:

1. a dated **receipt** (except in relation to car mileage claims), and
2. a **statement** signed by the claimant that:

- (a) the claimant has incurred the expenditure shown on the claim,
- (b) the claimant has not made and will not make any other claim either under this scheme or to any other body or organisation in respect of the matter to which their claim relates,
- (c) in the case of **subsistence** expenses that the amount does not exceed the maximum authorised in the scheme,
- (d) in the case of **car mileage expenses**, that:
 - (i) no suitable alternative public transport was available (claimant to provide explanation) or there were special circumstances (to be specified by claimant), and
 - (ii) it was not reasonable for the claimant to have travelled with another Business Board member or officer (claimant to provide explanation),
- (e) in the case of travel expenses for **taxi** costs incurred, that it was not reasonable to use public transport (claimant to provide explanation).

Publishing remuneration and expenses paid

This scheme shall be published on the Business Board web-site. A summary of remuneration and expenses paid under this scheme each year shall be reported to annually to the Business Board, and the summary shall subsequently be published

on the Business Board's website, within 10 working days of the meeting at which it was considered.