MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF GREATER CAMBRIDGE GREATER PETERBOROUGH ENTERPRISE PARTNERSHIP HELD AT ALCONBURY WEALD ENTERPRISE CAMPUS ON TUESDAY 17TH OCTOBER 2017

Present: Mark Reeve (Chair)
Trevor Ellis
John Bridge
Claire Higgins
Cllr John Holdich
Cllr Steve Count
Cllr James Waters
David Gill
Prof Iain Martin
Prof Andy Neely
Mark Read
Cllr Robin Howe
Steve Elsom

In attendance: Karl Gardiner (GCGP)
Paul Sayles (GCGP)
Chris Malyon (Cambs County Council)
Laura Welham-Halstead (GCGP)
Adrian Cannard (GCGP)
Darren Edey (GCGP)
Kris Krasnowski (DCLG/ BEIS)
Michael Tolond (Company Secretary)
Alex Powers (Hegarty Solicitors)

Minute No.		ACTION
2017/73	WELCOME Mark Reeve welcomed Kris Krasnowski and Darren Edey to the meeting. The Board are made aware minutes were being taken.	
2017/74	APOLOGIES FOR ABSENCE Apologies for absence were received from Board Members Peter Abel, Cllr Oliver Hemsley, Terry Elphick and Board Observer Cllr Lewis Herbert.	
2017/75	DECLARATION OF INTEREST Mark Reeve declared an interest in Item 4 (GCGP LEP and the Cambridgeshire and Peterborough Combined Authority: Areas of Collaboration) as he also sits on the Board of the Combined Authority. Other Board Members were then asked to carefully consider if they had any interests in items on the Board agenda. Cllr Robin Howe declared an interest in Item 4, but believed he was able to be present for any discussion on Item 4.	

	Cllr John Holdich declared an interest in Item 4, and also believed he was able to be present for any discussion on Item 4. Cllr Steve Count declared an interest, he also stated he had sought legal advice and as he was speaking as a member of the Board he believed that he could fully participate in any discussion and vote relating to Item 4. It was clearly noted that as per the LEP's Conflicts of Interest Policy, that once an interest had been declared, it was for the Board to decide if the declared interest amounted to a conflict and whether the Board Member could participate in the debate and/or any vote.	
2017/76	ITEM 3 – GCGP LEP FINANCES Mark Reeve confirmed with the Board that Item 2 was marked as a commercially sensitive item and asked for the Board's agreement for that item to remain confidential. The Board raised no objections therefore the item was officially marked as confidential. Paul Sayles talked the Board through his paper which outlined the key running costs of the LEP, spend to date for the current financial year, predicted Enterprise Zone rates income, as well as informing the Board of the new Finance and Compliance team members. Paul stressed that Systems and Controls have been strengthened and there is now a more robust accounting system in place. In terms of outstanding income, Paul informed the Board that the team were in negotiations with Huntingdonshire District Council regarding Alconbury Weald Enterprise Zone rates receipts, and in talks with Cambridgeshire County Council regarding Top Slice income to cover project related costs. It had been agreed in November 2016 at the Annual Conversation by BEIS and Cambridgeshire County that up to 4% of the capital costs could be drawn down for project related costs. Paul was working swiftly to finalise the detail of the funding breakdown for Cambridgeshire County Council.	
2017/77	Mark Reeve asked for questions relating to the financial presentation. Cllr Count asked for the Section 151 officer's views. Chris Malyon (Section 151 Officer) set out the rationale for the Top Slice arrangement and clarified that the programmes could not be developed without having a development pipeline. Therefore, it could be used to support staff time and activities to develop the pipeline and the programme of projects. He stated that 'top slice' was not to be used for the general, wider operation of the LEP. Mark Reeve confirmed this was in accordance with the LEP Executive's understanding and that previous claims had been made on that basis before. Cllr Holdich asked for clarity as to where the money had been spent in the last two years. Chris Malyon agreed to provide this information. Cllr Count requested that Kris Krasnowski provide an update from a DCLG perspective to the Board.	

Kris Krasnowski confirmed that the Core, Growth Hub and Growth Deal funding had not been released, but there was agreement to cover essential running costs.

Kris noted that from a DCLG perspective the LEP's future recruitment of a CEO was very important, as was the fact that the Executive Chairman's role should not be progressed, and that these points were highlighted in a draft letter from Simon Ridley. He also noted that there needed to be a robust, collaborative approach between public and private sectors, and that the LEP Boards independence is important. Partnership and collaboration is not as strong as it could be in places, and working through these points is very important to ensure the release of future funding. He also noted that the publication of the NAO report was required in advance of funds being released.

Mark Reeve stated that the Executive Chairman proposal was no longer being considered. He also noted that the recruitment of a CEO would take place as soon as DCLG confirmed core running costs availability to fund this activity (including recruitment costs). Kris stated that this seemed like a sensible course of action and requested the LEP to formally write to DCLG to request funding for recruitment purposes.

Mark Reeve noted that compliance is a factual matter and the LEP need to work with the Section 151 Officer and DCLG on the agreed improvement plan, but reminded everyone that the LEP had been fully compliant with the Assurance Framework since July 2017. He noted that new processes and software was in place to make the financial reporting more robust, that the leadership of the LEP was a matter for the Board, and the recruitment of a CEO had already been approved by the Board. Mark noted that the LEP fully intend to address any points of improvement identified and that the LEP would comply with the National Assurance Framework fully.
Cllr Count requested a more explicit account from DCLG. He stated that the draft letter from Simon Ridley included a focus on the Executive Chair role and communication with the Board. He believed it was incorrect not to go ahead hiring a CEO as a result of the current funding situation, and that an interim CEO should be hired. [redacted]

[redacted] The following comment was included within the presentation of the Executive Director of Finance and Operations.

The Board wrote to Simon Ridley (DCLG) and he has since confirmed (26th September 2017) that 'Essential Running Costs' will be given whilst the NAO concludes their investigation. Initial feedback was received from NAO (Aug-17) with the final report now expected on 7th November 2017

	Cllr Howe stated that he had concerns with financial reporting and management accounts, and raised the issue of the change of the LEP's bank to Metro Bank. Paul Sayles informed the Board that opening the new bank account had been undertaken in compliance with the LEP's scheme of delegation. Cllr Howe stated that he had concerns with regards to the financial information provided to the Board and that he had wanted a full forward and backward view of the LEP's finances, in addition to the management accounts that had been provided. He also noted that a wider issue existed in relation to the working relationship with the Combined Authority (CA). He stated that the CA had a mandate by Government to look at issues such as skills and business growth, and that both organisations needed to work together with a unified approach. Mark Reeve stated that the LEP recognised that a robust approach to financial reporting was required and that the attendance of the Section 151 Officer at LEP Board meetings was a positive step along with the other work already outlined in the presentation. Mark stated that both the LEP and the CA needed to work together positively for the greater good of the regional economy. Mark outlined that if the LEP Board was to remain independent that it needed to be advised by an independent LEP executive team and that the LEP covered 15 districts, not just the area of the CA. [redacted] John Bridge also noted that no other MP in the local area had expressed any concerns about the work of the LEP, and that this was an isolated example. [Laura Welham-Halstead leaves the room] John Bridge stated that the CA is a separate organisation and that the CA has created any existing duplication (being that the CA was created after the LEP). Other metro Mayors were working positively with the LEPs in their areas. The cause of the problem between the LEP and CA needed to be understood. [redacted] Cllr Count identified what he saw as a leadership problem within the LEP.	
2017/78	VOTE OF NO CONFIDENCE IN THE CHAIR Cllr Count called for a vote of no confidence in the chair. This was Seconded by Cllr Howe. Cllr's Count, Howe and Holdich vote as having no confidence in the Chair (three Board members). Nine Board Members vote against the motion. Confidence remains therefore with the Chair.	

2017/79	ITEM 4 – GCGP LEP AND THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY: AREAS OF COLLABORATION [Laura Welham-Halstead returns] Mark Reeve noted the previously declared interests in this item and discusses conflicts of interest. He states that the advice the LEP had received outlines that conflicted Members should be able to participate in the debate, but not vote, if the Board agrees this is the appropriate action. He suggested that the Board undertake a debate about the paper and if there is a consensus of opinion there will be no requirement for a vote. If a vote was required, then the Board could then decide who was able to vote. Cllr Holdich countered that there is no point debating the issue without deciding who can vote and suggests that this point is agreed first. Cllr's Howe and Count agree. Laura Welham-Halstead reminded the Board of the training received in relation to conflicts and the LEP's Conflict of Interest Policy. Cllr Count stated it was clear in the legal advice he had received why there is no conflict – one reason was that there was no remuneration involved. Cllr Count sought clarity as to why the legal advice received by the LEP Executive differed from the advice he had received. Laura Welham-Halstead stated that the matter was potentially a non-pecuniary conflict. It arose from being a Board Member on the LEP and also on the CA, and therefore could be considered "non-trivial" based on the legal advice received. The role of Board Members is to serve the best interests of the LEP whilst sitting as a LEP Board Member. Cllr Count stated he would always be conflicted as leader of the Cambs County Council if that was the case. Laura Welham-Halstead reminded the Board that it was for them to discuss, agree and then clearly minute what action was appropriate. Mark Reeve opened discussions. Prof. Andy Neely stated that this was a hypothetical discussion that would only arise if a vote needed to be carried out. Cllr Howe stated it was not an issue of conflicts of interest, but rather one where all Board members have strong positions they wished to support. John Bridge stated it was known if individuals are conflicted as all present have experience of Board Membership. There is a fiduciary duty to the LEP and not the CA in these circumstances. He questioned how Cllr Howe could say he was not conflicted when he had openly supported the letter from the Mayor, and as a Board Member he considered this to result in a very conflicted position.	

Mark Read challenged Cllr Howe. He believed that the issue with regard to the future engagement of the LEP and CA was an overarching project, with the CA trying to take over the LEP and therefore CA Board Members were conflicted.

Mark Reeve proposed to move the debate forward and work together for an agreed conclusion. If a vote was required, the Board would be asked to agree on how individual Board Members interests would be handled.

Cllr Count circulated a copy of the email sent by him to the Board which contained an alternative proposal to the one put forward by officers. (Please see Appendix 1.)

Mark Reeve commented that all have seen the email and the reply to that email. He reminded Board Members that the LEP had been in existence since 2010. It was important to remember what the mission of the LEP was and that the LEP and CA work together to deliver the best outcomes for the entire LEP area. The current challenges make it difficult for 'business as usual', but the team were continuing to deliver good work. When the opportunity for Devolution came forward, it was welcomed and supported by the Board. The team now need to work with the Board to get a mandate to move forward. He noted that there is no entrenched position, we just need to make it clear to partners (including the CA) where the LEP sits and that there needs to be a discussion with the CA in order to move forward.

Mark noted that despite a number of regular meetings with the CA, that no notification or indication was received by the LEP prior to the receipt of the Mayors letter. Such actions are not a sign of collaborative working.

Prof Andy Neely stated there clearly needs to be a meeting to discuss and agree how the LEP can work with the CA. This should not be a public debate.

Prof Iain Martin discussed the need for a private discussion to be held between the LEP and CA ideally involving DCLG.

Claire Higgins agreed that the letter was out of the blue, and immediately put the LEP on the back foot. Again, a face-to-face meeting between the LEP and CA was suggested in order to identify the best way to work together.

Trevor Ellis noted that the move from the Mayor could be seen as a takeover and it needs to be sorted because regional businesses were losing out.

Mark Reeve asked Kris Krasnowski whether DCLG wanted the LEP to be part of the CA.

Kris Krasnowski stated that Government were considering various options and that there needed to be collaborative dialogue between the LEP and CA.

Trevor Ellis stated the LEP needs to know the rules (in terms of Government position) they are playing by in discussions with the CA.

Kris Krasnowski stated that the concerns raised by Steve Barclay in relation to the LEP had not been as significant as he had alleged. However, problems were found with regard to Board governance. It was up to the Board to agree a LEP position in discussions with the CA and that this would not be dictated by DCLG.

Cllr James Waters discussed the fact that the LEP geographic boundaries and those of the CA differed.

Cllr Count stated that the Mayor was not looking at geography, but how the area is managed and did not see the differing geographical areas as a barrier to this.

Cllr James Waters noted that the LEP needed to work closely with the CA and Government. The last 12 months have seen the LEP being pulled apart and it is damaging to businesses There needs to be frank discussions with the CA off the record to move forward.

David Gill discussed the Mayor's letter and that different people have different ideas. Any discussions between the LEP and CA need to be confidential and in good faith.

Steve Elsom noted in relation to the Mayor's letter that the language used and the tactic of a public letter was not good.

Cllr Howe discussed the CA and LEP should have a single overarching aim of delivering economic growth.

Mark Reeve accepted that there was a need to discuss and agree a position with the CA.

Cllr Howe noted the need to work together in a better way, with a wider group involved in discussions. Any meeting should be about the aspirations. The LEP, CA and DCLG can work together.

Mark Reeve referred to PDF attachment 1 (Draft Summary of GCGP Enterprise Partnership strategy, and proposal for Combined Authority future engagement) and noted that the document tried to set out that collaborative way of working. The Board needed to agree the LEP position before negotiations could commence.

Cllr Holdich commented on the Mayor's letter, stating that whether the wording was right or wrong he did it to get things moving.

Karl Gardiner briefly ran through the objectives of the document and the LEP position moving forward.

[Cllr Holdich leaves the room]

Mark Reeve confirmed the proposal set out in the document.

	Mark Read stated that the Mayors letter pushed the LEP into a corner and that there was now a need to move forward. He referenced the Venn diagram on page 12 of the document that articulates a way of working together, noting that time needed to be spent on delivering these activities. [Cllr Holdich returns to the room] Mark Reeve asked the Board to move negotiation forward. Cllr Howe stated other stakeholders such as central government need to be involved. Prof Iain Martin highlighted the importance of establishing common ground. Claire Higgins noted the need to approach negotiations with an open mind. John Bridge concurred. Kris Krasnowski stated there is no specific detail with regard to how the LEP and CA should work together, and any guidance will be highly unlikely. Mark Reeve proposed that the LEP will come together and negotiate with the CA. Proposal seconded by Trevor Ellis, David Gill and John Bridge. The following Board Members agreed to participate in the negotiating committee subject to dates and availability: Mark Reeve, (as Chairman of GCGP LEP), Cllr James Waters (as Public Sector rep), Claire Higgins (as VCSE rep), Prof Andy Neely (as education rep) and Steve Elsom (as private sector rep). Deputy Mayor, Cllr Howe, agreed to contact the group re diaries.	
2017/80	ITEM 5 MINUTES FROM BOARD MEETING HELD ON 19 SEPTEMBER 2017 Cllr Count circulated an amendment by email (Please see Appendix 2). The decision to circulate the accounts was A.S.A.P. not in due course. Mark Reeve clarifies Cllr Count is referring to the use of incorrect terminology. Cllr Count proposes amendment. Cllr Howe seconds. Four votes for amendment, none against. Amendment agreed.	
2017/81	OUTSTANDING ACTIONS Laura Welham-Halstead noted that all actions had been completed bar two. The CEO position has been covered and that the action for Cllr Howe has been superseded by the discussions in the meeting.	
2017/82	ANY OTHER BUSINESS Cllr Count confirms the Chair has power to use email during the CEO appointment process if required.	

	[Cllr Count and Chris Malyon leave the room] Kris Krasnowski stated that the recruitment of a CEO is a critical factor in securing the future release of Government funding and that following formal notification by the LEP to Government of the proposed costs associated with this, that funding would be released for this. Mark Reeve confirmed that a letter will be sent to DCLG re CEO recruitment. MEETING CLOSED	

Appendix 1.

Subject: Extraordinary Board Meeting Tuesday 17 October Alternative Proposal
Importance: High

Dear Colleagues,

I am writing in relation to our Board Meeting on Tuesday 17th October to give you advance notice of an alternative proposal I intend to put to the Board on item 4. In doing so I want to explain the reasons why I feel compelled to do this.

My proposal is as follows:-

The Board is asked to approve the following:-

1. That the proposals put forward by Mayor James Palmer of the Cambridgeshire and Peterborough Combined Authority (CA) are welcomed by GCGP LEP (LEP) and that three Members of the Board from each sector (private, public and educational) together with the Chairman meet with the Mayor to discuss creating a new model of local governance that will have at its centre a powerful relationship between business and local democratic leadership.

2. That whilst discussions are ongoing with the CA, three members of the Board from each sector (private, public and educational) together with the Chairman meet urgently with DCLG to work out how the LEP can secure its funding in order that its programmes and objectives can be met and that a report from this meeting be reported back to the Board by 31st October 2017.

The reasons why I am proposing the above are:-

(a) The current proposals before the Board are to "continue" to operate [redacted] and we must therefore set a different course;

(b) The Government's loss of confidence is serious and real. It is evidenced in a draft letter from Simon Ridley circulated to all Board Members as well as by Government's continued concern about the LEP's non-compliance with the National Assurance Framework. Whilst the Framework was signed off by our accountable officer and by DCLG (after some considerable delays by the LEP in delivering a compliant framework) other concerns have since become apparent, not least the attempted appointment by the Board of our Chairman as Executive Chairman which, because of poor governance, had to be retaken by the circulation of a resolution by email to the Board. The Government are also clearly not impressed at our inability to secure the services of an interim Chief Executive particularly after all the difficulties experienced with our Assurance Framework. Having had significant difficulty in securing compliance with the National Assurance Framework in the first instance, our subsequent governance should have been exemplary to gain the confidence of the Government and it has clearly not been. We need to work with Government, our principal funders, to address their issues urgently and we need to hear from our Chairman as to what discussions he has had in the last few weeks with Ministers/Civil Servants so that we understand the issues fully before embarking on the meeting I have proposed we set up with Government at paragraph 2 of my proposal;

(c) In 2010 the Government invited businesses and Councils to come together to form local enterprise partnerships. The vision was to put businesses and local communities, through their

elected representatives, in charge of their own futures. The White Paper recognised that local authorities, working with business and others would help create the right conditions for investment and innovation. CBRE, a prominent private sector consultancy, presented an investment strategy to the CA and at its heart was the evidence based proposition that when business and the public sector work well together they achieve more for their areas than if they work independently. Many LEPs have strong and productive relationships with the different sectors on their Boards. Our LEP has adopted a different stance, led by the Chairman, which appears to value only the business input into the Board, free from political interference. This narrative is not conducive to the kind of working relationships envisaged by Government or which will secure effective delivery of the LEP's objectives as evidenced by CBRE. This approach fails to exploit the skills of the public sector Board Members, all of which have business backgrounds and who bring unique and important insights into the communities and places in which businesses operate. They also have expertise in governance of the kind that will keep the LEP on the right side of compliance with its Assurance Framework. The proposal at paragraph 1 will allow us to work across sectors, respect each other's skills and abilities and create a strong and effective relationship with the CA to drive growth and economic prosperity in our communities.

(d) The financial governance of the LEP is far from satisfactory. The Board received a set of financial statements on Friday, which is a step forward, but is it acceptable for a company to operate for a period of nearly six months without an agreed budget, approved by the Board, and to receive no financial reports for half of the financial year? This lack of financial information culminated in the matter requiring a resolution of the Board in July:

"*It was agreed that detailed quarterly financial reports would be circulated to Directors*".

No financial information was forthcoming and the matter was therefore further highlighted at the Board meeting in September and by subsequent emails by Board Members. To therefore receive the first financial statements from the Executive for the current financial year on 13th October is totally unacceptable.

Furthermore, we know that in spite of the letter of 26th September from Simon Ridley stating that Ministers are "content to provide the funding required to ensure essential running costs", this was subject to the DCLG receiving a detailed breakdown of the nature of these essential running costs. At the time of writing this note, this information has not been forthcoming and therefore no funding has been received. [redacted]

I therefore call upon the Chairman to lead the support of my proposal as a positive and constructive way forward for the LEP to regain the confidence of Government, secure its funding, build strong and constructive relationships in the Board and work effectively with the CA.

Yours sincerely,

Steve Count
Leader of Cambridgeshire County Council
Councillor for March North
[redacted]

Appendix 2.

Steve Count queried why the outstanding action noted in Minute 2017/60 to supply the board with the quarterly financial report had not been done. The board was informed it was planned that the first quarter reports would be on the agenda at the November meeting. Steve Count pointed out this was not acceptable particularly in light of the fact that the board had not been informed of the fact that DCLG was still withholding funding. After further discussion the executive agreed to circulate by email at the earliest opportunity the first quarters management accounts, with the second quarter financial report shared as soon as it was available, rather than held until a Board Meeting.