



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 1.7
30 APRIL 2018	PUBLIC REPORT

RECRUITMENT OF PRIVATE SECTOR BOARD MEMBERS

1.0 PURPOSE

- 1.1 The Industrial Strategy sets out how we are building an economy fit for the future - how we will help businesses create better, higher-paying jobs with investment in the skills, industries and infrastructure of the future. The Strategy aims to boost productivity and earning power by focusing on 5 foundations:
- ideas
 - people
 - infrastructure
 - business environment
 - places
- 1.2 The Business Board will be the custodians of the local industrial strategy and will play a vital role in the future success of the area. It is vital that the Board secures the very best available business representatives who are passionate about making a difference to the place we live and work in.
- 1.3 The purpose of this report is to set out how the Business Board will appoint those private sector Board members.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor Charles Roberts, Chair of the Business Board and Deputy Mayor of the Combined Authority
Lead Officer:	Kim Sawyer, Legal Counsel
Forward Plan Ref: N/A	Key Decision: No
Recommendations	Voting arrangements
The Business Board is recommended to: (a) Agree the process to appoint the private	Simple majority of all members

<p>sector Board members, as set out in section 4 of the report;</p> <p>(b) Agree with the Combined Authority the process for nominating the public sector members</p> <p>(c) Provide their views on how the roles may be best promoted to attract high quality candidates;</p> <p>(d) Confirm their preferred option for the recruitment of the Chair, as identified in section 4 of the report (Option a is recommended)</p> <p>(e) Agree whether board members, and the Chair should be remunerated, and if so, recommend to the Combined Authority the levels of remuneration.</p>	
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2.0 ESSENTIAL QUALITIES

2.1. The Shadow Board considered at its last meeting the importance of attracting the right candidates to the Business Board. The Board is currently in a crucial stage of its development with clear focus being on the importance of getting the membership of the new Business Board correct. Creating the right environment by recruiting the best possible private sector members to the Board will drive long term dividends for the area.

2.2. The Shadow Board recognised two key concepts: (1) that the Business Board should be predominantly private sector led to provide the best possible platform for businesses within the area and that (2) the Board ought to be comprised of representatives of the those key sectors which are driving economic growth in the area.

2.3. As a result the Shadow Board recognised that there are certain key skills and attributes that it would like the future members of its Board to have. Primarily these are that:

- (a) business is automatically sector focussed and therefore targeted recruitment within our key sectors is more likely to drive economic growth
- (b) the ambition for the predominantly private sector Board should be anchored in 'place', with members being geographical, but not territorial
- (c) members should be representatives of their sector with a sense of collective responsibility
- (d) members should be active in business with the confidence of the local community and credible with Government
- (e) members should be good networkers and entrepreneurial in spirit

2.4. The Board considered carefully the requirements of the Local Enterprise Partnership National Assurance Framework guidance, in particular that boards must have a private sector chair and include an identified board member to represent and engage with the SME business community. Those are reflected in the recruitment materials.

3.0 APPOINTMENT PROCESS

3.1. A proposed process for recruitment of Board members is included at Appendix 1 to this report. This process is focussed on the internal, technical requirements to appoint board members. Draft recruitment materials have been prepared at appendix 2 to ensure that the roles will be advertised to ensure high quality candidates are attracted to the role.

3.2. In addition the assistance of the CBI is being given to identify business leaders who operate within key sectors of the local economy. The interim Chair of the Board and the Chief Executive will visit each identified organisation with a view to identifying and targeting appropriate candidates to apply for Board membership.

3.3. Potential candidates ~~will be requested to Board members~~ will be invited to apply to the board based on a covering CV and personal statement outlining why they wish to become part of the Business Board and what they feel they can offer it. Applicants will be requested to ensure that their CV addresses past business / enterprise experience, and evidence of participation with sector / representational bodies. Candidates will be requested to provide references.

3.4. Applications will be shortlisted by a shortlisting panel, comprised of the Chief Executive and Legal Counsel of the Combined Authority, the Mayor and Deputy Mayor and a representative of the CBI. They will meet to undertake an initial sifting of candidates, after which due diligence will be undertaken on remaining candidates to include:

- (a) Confirmation of Director appointments / records to Companies House;
- (b) Confirmation of references
- (c) Obtaining evidence to confirm compliance with the requirements below (if required) and discussion with candidates on potential conflicts of interests identified from their CV, and any queries raised during the shortlisting process
- (d) A meeting between candidates and the Chief Executive and Deputy Mayor of the Combined Authority.

3.5. The shortlisting panel will then meet to make final shortlisting decisions, before ultimately Panel recommendations will be put to the Combined Authority to agree appointments.

3.6. Appendix 2 provides the proposed criteria and profile that Board members should demonstrate, reflecting previous discussions of the Business Board.

These will ultimately be reflected in the recruitment pack used to attract candidates.

- 3.7. The Government does not place requirements on who can be a Board member. However, it is important that Business Board members can demonstrate credibility within their sector. Accordingly, a set of requirements have also been included in Appendix B that candidates should confirm they meet. These are based on the current requirements Councillors must meet to be able to stand, updated to reflect the Government's recent consultation on disqualification criteria.

4.0 APPOINTMENT OF CHAIR

- 4.1. The role of the Chair is critical to success in setting the ethos and culture of the future Board. As above, 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. This would not prevent a second Vice-Chair being appointed from the public sector under constitutional arrangements provided that those arrangements always allow for a private sector member to chair the Business Board meetings.
- 4.2. An independent report from Oggers Berndtson 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.
- 4.3. Two options have been considered for appointment of the Chair:
 - (a) To seek to appoint the Chair through the recruitment process outlined above. Recruitment material would identify that one Board member would be appointed as Chair, and applicants would be requested to identify whether they would be interested in this role or would be unable / unwilling to take a Chair's role.
 - (b) Undertake a separate recruitment exercise to recruit to the Chair specifically. Unsuccessful candidates for Chair could be considered for other Board roles if they wish; this could mean that the appointment of other board members has to be held pending the outcome of the Chair's appointment.
- 4.4. Given the need to ensure the board recruitment is progressed, to enable the Business Board to proceed, it is proposed that option (a) above is adopted.

5.0 BOARD REMUNERATION

- 5.1. The previous meeting of the Business Board identified that future members were being expected to provide their time not just to attend board meetings, but also to help promote the aims of the Board in the wider sector, and seek the views of the wider sector on growth and infrastructure proposals. Many of

those who may wish to be involved are committed professionals, and it is important that they feel able to commit their valuable time to Board activities. Given these discussions, further research has been undertaken to identify the potential patterns and values of board remuneration

- 5.2. General published research on remuneration of LEP Board members is limited. The DCLG Mary Ney Review highlighted that “generally” LEP Board members are not remunerated, albeit the time they are expected to commit has 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.
- 5.3. The Ogers Berndsten report highlighted above 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. Arguments in favour of remunerating chairs in the report were similar to those previously articulated by the Board, and 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
- 5.4. 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. The Chair of the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership was paid a remuneration of £24K per annum.
- 5.5. Given the above, the Board are recommended to consider potential remuneration for both members of the Board, and the Chair of the Board.

6.0 FINANCIAL IMPLICATIONS

- 6.1. The payment of Board members would result in a financial implication which would require appropriate approval procedures.

7.0 LEGAL IMPLICATIONS

- 7.1. The recruitment process will ensure compliance with all necessary legal procedures, government guidance and equality requirements

8.0 SIGNIFICANT IMPLICATIONS

8.1. Equality implications are addressed through the recruitment process. There is a commitment to diversity on the Board as set out in Appendix 2.

9.0 APPENDICES

9.1. Appendix 1 – Process for appointment of board members

9.2. Appendix 2 – Person specification and profile for board members

Source Documents

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

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