**Item 9: Developing the new Business Board:**

**Structure of the new Business Board and the relationship with the CA**

The terms of reference for the Shadow Board envisages a new Business Board in place by the 1 April 2018. The purpose behind this paper is to start to develop the structure of that new Business Board and help articulate the proposed relationship between the new Business Board and the CA, based on discussions and thinking so far.

This will be influenced by the “vision” agreed in the previous item on this agenda.

It is intended the vision and this paper will ultimately form the basis for development of the new Business Board terms of reference, as part of the governance framework of the CA, and also the Single Pot assurance framework.

The paper is predicated on the “Business Board” model proposed in the vision. It consists of two sections:

Section 1 – defines a proposed relationship between the Business Board and the CA

Section 2 – sets out potential structural models as seen in other CA / LEP bodies

***Section 1: Defining CA / LEP relationship***

**Statement of Commitment**

The Combined Authority and the Business Board are both committed to ensuring high standards of governance and transparency in developing the strategic aims for growth, and delivering schemes to support growth in the Cambridgeshire and Peterborough and wider region.

Both organisations agree that:

* Responsibility for decisions should be clear and unambiguous;
* Decisions should be supported by a robust and transparent evidence-base that generates trust and confidence;
* There should be effective procedures to identify and resolve conflicts of interest;
* The Business Board and the CA should be accountable to appropriate scrutiny measures.

Inevitably, the role and the relationship between the CA and the Business Board will evolve as the CA develops, and the Business Board becomes established. At all times, the two bodies will seek to ensure that they are compliant (as a minimum) with all applicable statutory and non-statutory guidance and the nature of the relationship, and the governance systems in place, will be articulated in the assurance framework.

**Purpose of the LEP**

The purpose of the Business Board is to work in partnership with the Cambridgeshire and Peterborough Combined Authority on:

1. Strategic proposals to increase growth, innovation and productivity within the region;
2. The allocation of funding to support growth, innovation and productivity;
3. Measures that can be taken to achieve the aims of the strategic policy

In doing so, the Business Board should support the CA by identifying the needs of business, such as physical infrastructure needs; education and skills requirements or measures to improve the welfare of the present and future workforce, which currently act as obstacles to growth. Subsequently the Business Board will support the CA in delivering programmes that deliver these needs.

The remit of the Business Board is:

1. **Local Industrial Strategy** – development partner of CA, delivery, milestones and objectives
2. **Place based growth strategies** – sign off; investment recommendations; Enterprise Zones
3. **Key Sectors** – determine priority sectors; agree plans for growth; LEP products and services
4. **International Trade** – agree export / import strategy; key places in the world for trade accords
5. **Skills** – strategy and delivery plans to achieve pipeline of people with skills required by business
6. **Major Investment Opportunities –** ongoing review of 8 -12 large scale inward investment pipeline
7. Recommendations to the Combined Authority Board on strategic and tactical investment to deliver Local Industrial Strategy

The Business Board is not intended to be a decision making body in itself. The Business Board will make recommendations to the CA. Both will make decisions aligned to the Local Industrial Strategy and plans which are aligned to that strategy. Requests for allocation of Business Board Growth Funds will be referred to the CA as the Accountable Body and relevant decision-makers within the CA to consider. The CA is committed to take account of the advice and views of the Business Board.

In delivering this advisory role, members of the Business Board are expected to:

* Act as advocates for important matters affecting the key business sectors they represent across the Cambridgeshire, Peterborough and wider regional economy;
* Provide an independent business perspective, taking into account local knowledge and insight
* Promote the aims and ambitions of the Combined Authority and its strategic direction

**Membership of the Business Board**

The Business Board will be made up of representatives of both the private and public sector, and be chaired by a private sector member from end June 2018. A recruitment process for new members is expected to begin in April 2018.

The Business Board will be a mix of private and public sector representatives advised by other sector representatives. The Business Board has no fixed number of members but the private sector members must number more than the public sector members.

There is no definition of private and public sector membership. Private sector members are considered to be those from key sectors and businesses within the area. Public sector members can be considered to come from those organisations who have a public sector ethos: constituent councils, non-constituent councils, universities and the higher education sector, health sector, housing associations etc.

The Shadow Board is requested to make commendations regarding the structure and membership of the Board.

The Business Board may also seek to appoint additional advisors where they believe these would complement the skillset of the board members and help in discharging their role as set out above. Such roles may be made under contract, rather than through a formal recruitment process, however they must be approved by the Business Board and the Mayor on the recommendation of the Chief Executive. A recruitment exercise is recommended with a CV demonstrating their skills, qualification and experience which must be publicly available as part of the approval process.

Business Board members must be appointed through recruitment process agreed by the Combined Authority. This must afford equal opportunity to those who wish to be part of the LEP, whether from the public or private sector. Public sector representatives must be able to demonstrate relevant business skills and experience in addition to their public sector experience.

The Business Board must be chaired by a private sector representative, and one representative must be appointed as the nominated SME lead.

The Chair of the Business Board will sit on the CA as a voting member and will be expected to actively engage with the Mayor and the CA on pertinent issues. Two Vice-Chairs are recommended: one other private sector member of the Board and the Economic Growth Portfolio Holder at the CA. This would ensure a balance between private and public sector on the Board and would ensure that the interests of both are aligned.

Initially 4 of the private sector board members will be appointed for a 4 year term; 2 for a 3 year term, and 2 for a 2 year term. Any private sector board members appointed after this initial term will be appointed for a 4 year period. This will allow for continuity in approach as board members retire. The CA will agree the process for appointing board members and may also agree to extend or vary the term of any board members.

Board members will be disqualified if they fail to attend a meeting of the LEP within a period of 6 months (unless the CA has provided prior approval); or if they no longer meet the criteria to qualify to be a board member, as set by the CA; or are otherwise removed by the CA.

**Accountable Body**

The CA will act as the accountable body for funding discharged through Business Board funding programmes. The CA will be responsible for:

1. Ensuring that all funding decisions are made in an open and transparent way, supported by a robust, evidence based approach;
2. There are sufficient resources in place to effectively discharge funded programmes;
3. Ensuring that decisions to award funding, and programmes supported, are compliant with relevant legislative frameworks (e.g. environmental, equalities, state aid requirements);
4. The funded programmes are delivered in a manner that is lawful, provides value for money, and all conditions are adhered to;
5. Ensuring that a robust assurance framework is agreed and adhered to with appropriate internal control mechanisms established;
6. Ensuring that all regulatory requirements are adhered to, including the accounting of funded programmes and all necessary returns are made.

It is expected that this work will be undertaken on a day-to-day basis by staff specifically allocated by the CA, who will establish the scheme of delegation and authority under which staff will operate. As the accountable body, the CA recognises that it is ultimately responsible for delivery of the programme, and any liabilities that may arise.

The three statutory officers of the CA provide a specific oversight role of the Business Board. The Chief Executive (Head of Paid Service) shall also act in that capacity for the Business Board, and in line with s.4 of the Local Government and Housing Act 1989, will identify and manage the resources necessary to discharge the functions of the Business Board. The s.151/s.73 officer shall be responsible for the administration of the financial affairs of the Business Board, and the Monitoring Officer shall administer the legal affairs and corporate governance framework of the Business Board.

This creates a system of mutual accountability; whereby the CA is primarily responsible for Business Board functions, and acts on the advice of the Business Board, however the Business Board can also raise concern where they feel the CA is not delivering what is required to support its priorities. This concern can primarily be addressed through the Chair of the LEP working with the Mayor, however, either the CA or the Business Board may elect to refer matters to either of the existing CA scrutiny functions to independently assess performance.

The Overview and Scrutiny Committee, and the Audit and Governance Committee will provide oversight to the accountability mechanisms to support the delivery of funded programmes. Whilst it shall be for the relevant Committees to independently determine this role, this may include:

* Undertaking reviews of pending funding decisions to ensure that necessary procedures have been followed;
* Reviewing progress in delivering funded programmes, ensuring that necessary monitoring procedures are being adhered to;
* Reviewing the assurance framework to ensure that it is robust and evidence-based;
* Reviewing accounting records and associated reports for the single pot and funded programmes

In practice, this may operate as follows:

CA decides to support funding award

Business Board recommends funding to programme

O&S may call-in

O&S may pre-scrutinise

**The relationship between the Business Board and the CA**

The Business Board is a voluntary partnership operating in law as an unincorporated organisation. The CA anticipates that it would usually seek to endorse recommendations to commit funding, or determine priorities, made by the Business Board. However, the CA would not support recommendations where:

* The CA is of the view that the request has not been subject to a comprehensive assessment of the risks and implications of doing so;
* The CA believes that to make the commitment would mean that the spending is ultra vires, or does not comply with other legal obligations of the CA;
* The CA believes that the proposal does not align, or directly conflicts with strategic priorities for the area;
* The CA does not believe that the proposal would provide value for money

In all cases where the CA does not support proposals put forward by the Business Board, the CA commits to providing a comprehensive reasons to the Business Board and may provide opportunity for the Business Board to give further consideration to the matter where it is appropriate to do so.

The Business Board and the CA will jointly agree an assurance framework, and annually report against this, to demonstrate their joint commitment to high standards of governance and clarify how their role and relationship will operate.

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| **Function**  | **Role of the Combined Authority Officers** | **Role of the Combined Authority**  | **Role of the Business Board**  |
| **Setting growth and development strategy**  | Officer support / provision of advice  | Endorsement  | Strategic Leadership / Private Sector input  |
| **Determining investment priorities**  | Officer support / provision of advice  | Decision-making body  | Receive items for information / comment  |
| **Determining the operational delivery method** | Officer support / provision of advice – delegated to make decisions | Decision-making body  | Receive items for information / comment  |
| To add items depending on how we see functions being discharged and schemes administered – e.g. delivery board structure |

**Key Questions to consider:**

* **What should the composition of the Business Board be?**
	+ **Confirm we will recruit sector based advisors?**
	+ **Should the Business Board recruit co-optees to fill the gaps around the skillsets of the Business board members?**
* **Further advice is needed on the accounting functions with relation to the single pot and other funding streams, which may influence structural requirements.**

***Section 2: Potential Structural options***

**Option 1: As established in Vision**

**Option 2: Based on Leeds City LEP / West Yorkshire CA model:**

**Option 3: Based on Sheffield / Greater Manchester structure**

***Note – delivery boards are decision making and include both LEP and CA representation. This is essentially a subtle variation of option 1 – the delivery boards include LEP representatives and are empowered to make decisions***

Advises on Strategic Policy

Delivers Strategic Policy

SECTOR / GEOGRAPHY / PROGRAMME BASED

Sets Strategic Policy

Holds to account

OVERVIEW & SCRUTINY

AUDIT AND GOVERNANCE