



BOARD REVIEW FOR THE CHAIR AND VICE CHAIR
CAMBRIDGE & PETERBOROUGH COMBINED
AUTHORITY BUSINESS BOARD (“the Business Board”)

March 2022

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Scope

I have conducted a board review to assess the Business Board’s effectiveness based on

- Code of Conduct for Board Members of Public Bodies
- Combined Authority Constitution March 2021
- Business Board Code of Conduct
- Local Assurance Framework
- Governance Assurance Statement and
- the Financial Reporting Council’s (FRC) Guidance on Board Effectiveness published in July 2018, which is the only comprehensive published guidance on this topic. Not all of the FRC Guidance is directly relevant for the Business Board but important elements like balanced content of board meetings; board dynamics and the nature of debate; strategic leadership; internal (project) controls; risk management and stakeholder management formed a useful basis for comparison.

I also considered the Business Board’s relationship with the Combined Authority Board, other areas of the Combined Authority and its other stakeholders. The requirements for the Business Board have been considered in the context of strategic requirements. The work involved:

- Understanding the company’s constitutional documents as outlined above;
- Understanding the organisation’s strategy as set out in Strategic Documents;
- Reviewing board papers and minutes for the past twelve months;
- Reviewing recordings of Business Board meetings;
- Receiving feedback from all private sector members, co-opted members, and public sector members on the Business Board by individual interviews;
- Receiving feedback from John T Hill, then Director of Business & Skills;
- Receiving assistance and clarification from Domenico Cirillo and Emily Browning;
- Observing a board meeting on 10 January 2022;
- Call with the Chair and Vice Chair to discuss findings before concluding report.

(I refer collectively to all those I have interviewed as “contributors” throughout this report.)

Summary of findings

The Business Board appears to be operating effectively and the majority of the recommendations are suggested as improvements rather than steps that are required to achieve effectiveness. I found the board to be well led and organised and board members describe a welcoming environment for debate. That said directors also indicate that there could be a more rigorous debate and wider contribution from some directors. There are recommendations to continue to improve board materials and to include some board topics that have not been given sufficient attention.

The two main areas from this report that board members should concentrate on are

- ensuring that there is clarity about the current purpose of the board and which matters should receive priority; and
- awareness of the strained relationship between the Chair of the Business Board and the Mayor.

Addressing the first matter will assist board members and executives to ensure that time together is spent in areas where the board can provide greatest value to the organisation. Awareness of the

second topic should allow the board to manage any risk to independence of decision making and to rely on the governance framework that has been carefully designed for the Combined Authority and the business community’s role within it.

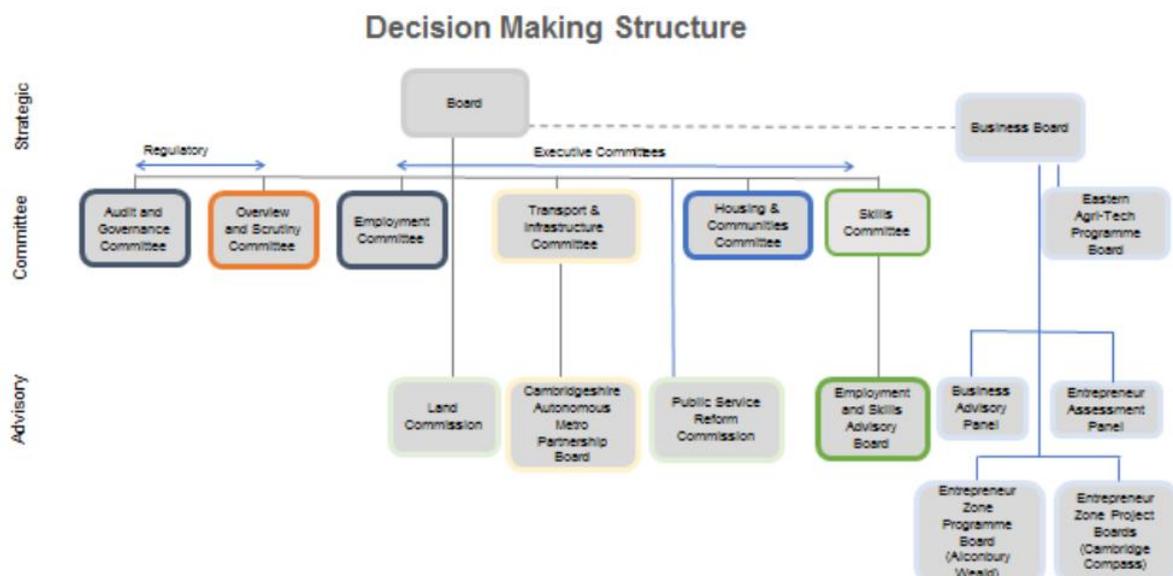
DETAILED REPORT

As mentioned above the FRC Guidance on board effectiveness is not all directly relevant to the Business Board. That guidance suggests consideration under the following headings, and I have adapted these for the purpose of this report.

1. I have introduced an examination of the Combined Authority’s constitutional framework as this is particularly important for one of the recommendations – Working within constitutional framework.
2. Board Leadership and Company Purpose – I have adapted this to cover board leadership, debate and consideration of purpose which focuses on the role of the business board rather than the wider organisation purpose.
3. Division of responsibilities – this is directly relevant.
4. Composition, succession, and evaluation – this is relevant, and I have expanded it to include induction and development.
5. Audit, Risk, and internal control – I discuss risk under consideration of board purpose and responsibilities. Audit and internal control responsibilities do not sit with the Business Board.
6. Remuneration – not included as this is not a responsibility of the business board.

1. Working within constitutional framework

Constitution of the Combined Authority March 2021:



Composition of Business Board

Private sector representatives	Co-opted Members	Public sector representatives
<p>Up to 10 business representatives (currently 9) specific mention of representation for SMEs; education sector and international business.</p> <ul style="list-style-type: none"> - Women to make up one third by 2020; - Expectation of equal representation by 2023; - Board to be representative of businesses and communities they serve <p>Voting members</p>	<p>Where specific skills or abilities required (not available among existing members) Chair, in consultation with the board may appoint co-opted member for 12 months. Not to exceed 5 co-opted members (currently 2).</p> <p>Non-voting members</p>	<ul style="list-style-type: none"> - The Mayor - The Lead Member for Economic Growth <p>Non-voting members</p>

The governance framework for the Combined Authority provides a clear governance role for each part of the organisation. The role of the Business Board is key to this framework. It is a non-statutory body and is independent of the Combined Authority. It has a vital role to play in the development and as custodian of the local industrial strategy. The Business Board allocates local growth funds to improve economic opportunity in the area and monitors delivery of funded projects. The Business Board is to operate without political influence and all decisions are to be made on merit having taken account of all relevant information at the time. The board members are appointed in their individual capacity and not to represent organisations and must act in accordance with the Business Board Code of Conduct; the Code of Practice for Board Members of Public Bodies including the 7 principles of public life. The majority of board members display a good understanding of these requirements and the role of Business Board within the governance framework.

The Business Board is accountable to the Combined Authority Board which comprises the Mayor; elected members appointed by each Constituent Council (including Councillor Wayne Fitzgerald); the Chair of the Business Board and co-opted members.

Executive support is provided to the Business Board through the Combined Authority’s Senior Management Structure and in particular the Director of Business and Skills. The Business Board is heavily reliant on executives providing good quality information to board members and it is for board members to interrogate information to seek assurance that the correct level of diligence has been applied and to develop and guide projects to ensure that the Business Board’s objectives and the local industrial strategy are delivered effectively.

Each constituent part of the Combined Authority governance framework is important. This governance arrangement only works if everyone respects their role in each layer of the accountability structure. Once decisions are made everyone has collective responsibility and should accept decisions even if they did not agree. (*Code of Conduct for Board Members of Public Body – 5.6*) Appropriate relationships across these different boards and teams are important to deliver good governance. Some individuals have dual roles – the Mayor, Councillor Fitzgerald and the Chair of the Business Board are also members of the Combined Authority Board.

The Mayor, Councillor Fitzgerald (the Lead Member for Economic Growth) and co-opted members do not have votes on the Business Board. I do believe that they still have influence in the board – most board decisions do not go to a formal vote and Chairs frequently lead discussions and summarise the overall consensus from board colleagues rather than seeking a vote. I believe that this is important because the intent of the governance structure is that debate and decisions should take place within the Business Board albeit that there is still a requirement within the Combined Authority Constitution for the Combined Authority Board to “adopt, amend and withdraw plans and strategies” and “audit decisions for funding approved by the Business Board”. To me these are more technical approvals and the greatest influence on the business debate is intended to take place within the Business Board. Non-voting members do participate fully and have the opportunity to influence views which I believe is beneficial to decision making and the appropriate forum for, the Mayor and Councillor Fitzgerald to participate in the business debate where they are two voices among many and unlikely to bring undue political influence. It is highlighted in the Business Board Code of Conduct that “Political Leaders who are Members of the Combined Authority must also comply with the Business Board Code of Conduct in addition to that of the Combined Authority”.

2. Board leadership, debate and considering purpose

- *Nature of debate*

The board business is very well organised and conducted by the Chair. It is a relatively formal environment, and this formality may have increased due to the recent requirement for remote meetings. There is usually a lot of business to cover in a meeting and this is well managed to time by the Chair. Remote meetings have generally not been popular with board members particularly for those who are new and have not had the opportunity to meet colleagues to build relationships.

Board members do not feel inhibited in their contribution and believe that comments are welcomed from all. There is no indication within meetings of a dominant or prevailing view although some contributors believe that the more experienced or confident views are given more weight than those of new or more introverted members. Some board members consider that their board colleagues can be quiet and contribute relatively little to the discussion. Time should be taken to understand why this should be the case when generally contributors describe an open and welcoming board environment. Some contributors believe that the prolonged period of remote meetings may be inhibiting interaction and debate. The Chair’s style is not to call on directors for views leaving them to volunteer contributions as they consider appropriate. It would be good to see more rigorous debate of some topics and one contributor indicated that discussion would benefit from someone playing devil’s advocate more regularly.

Executives and directors should concentrate on how to generate that type of debate.

Executives should take care to consider more than one option when making a recommendation thus allowing directors to evaluate recommendations with more confidence. See below regarding board materials.

Recommendation: Continue to explore ways to develop more rigorous debate and understand any reticence from board members

- *Administration for board*

Board members are complimentary of general board administration and describe a well organised department dealing with this. My own experience was of a very efficient secretariat. Contributors believe that meetings are sufficiently frequent and of an adequate length to allow board business to be covered effectively.

The majority of board members consider papers to be too long although they acknowledge that the longer their tenure on the board the more able, they are to navigate what is a large volume of information. Executives should challenge themselves to reduce board materials to a more manageable level and to avoid a tendency towards positivity as balanced reporting which highlights risks is very important. It is likely that this will equip directors for a more productive discussion. Things to consider include:

- Do not include unnecessary content. For example, board members only need to approve the key terms of contracts which should be summarised and explained for them – attaching a full contract is not required.
- Ensure executive summaries are no more than two pages and include exactly what is required from the board.
- Clearly highlight the key issues for discussion – do not leave directors to find these for themselves within pages of text.
- Use appendices appropriately – information in appendices should be additive for directors to seek more detail and should not contain information that is key for decision making

Recommendation Continue to focus on improving board reporting which should assist with improving the debate of topics.

- *Independence of decision making*

Board members are aware that they are appointed as individuals, do not represent their organisations and that independence in decision making is essential. There is a majority view that directors do well to exercise independent judgement. Some directors, however, believe that it is difficult to fully separate themselves from their day job and know they should challenge themselves and others to think truly independently and ensure that there is no “favouring” in decision making. Some also highlight the importance of achieving parity of investment across the region and finding ways to strengthen fair resource allocation. Directors do tend to champion their sectors which is both useful and understandable due to knowledge of a particular area. Some directors believe that there is an over emphasis on sectors, and I would encourage board members to contribute their sector knowledge in discussions but prioritise independence in decision making.

Recommendation Board members to challenge themselves and others to maintain independence in decision making.

- *Board purpose and priorities*

Contributors were keen to explore the themes of the purpose and priorities of the business board and its role within the Combined Authority. There was a sense from many that there should be greater clarity around this and, if necessary, a re-defining of the role to make it as meaningful as possible within the context of the wider organisation and the stage of delivery

of current strategy. Those who have been on the board longer recalled discussions around this in the past and it may be that the discussion needs to be refreshed involving more recent board colleagues and one contributor suggested a separate meeting be held for this important discussion. Directors, I think accurately, consider their responsibilities to be in two main areas – strategic vision and development and monitoring the delivery of projects – and offered suggestions or posed questions regarding the board’s performance of each.

<i>Strategic vision and development</i>	<i>Monitoring the delivery of projects</i>
Need much more horizon scanning to think strategically about how to position Cambridge and Peterborough with local and national government for the long-term benefit of the region	Is the role now predominantly one of monitoring current projects and is the board’s input on strategic direction less necessary
What is the strategy now we have established the performance of the business board?	Monitoring projects – are we getting a full analysis of what has gone wrong?
How do we get another £150m into the authority?	Meetings should be less transactional in monitoring projects – not picking up what Executives have missed but talking about if in broad terms projects are delivering their expected economic value
Strategic macro-economic views are missing	How are we measuring success, and do we understand how projects are being assessed? Appears that projects are assessed with a traditional P&L analysis and the board should consider how it should widen this to include, for example, environment, social and governance issues in their widest context which should encompass equality, diversity, and inclusion.

The Combined Authority Risk Policy states the Business Board role as “Review and challenge mitigation and exploitations at the appropriate level (in relation to matters directly controlled or indirectly accessible by the Business Board”. I therefore consider that there is a need for the business board to consider if it correctly addresses risk.

Board members reflected on this and highlighted that the risks for each project were assessed and set out in board materials for projects. However, it is notable that the board does not consider a risk register and some contributors considered that there would be benefit in introducing this in a more formal way. This should allow the board to be aware and to discuss funding risks; risks to reputation; independent decision risks and a ranking of projects in risk terms measuring them against milestones and assessing future tranche funding risk.

Recommendations

- The business board spends time (perhaps in a separate meeting) defining its current purpose and agenda priorities and considering how each of these important responsibilities can be most effectively delivered
- Develop a risk register for discussion at the business board at least annually.

- *Ambassadorial role and stakeholder management*

There is a clear responsibility for board members to have an advocacy role within the business community (as outlined in Business Board Code of Conduct 4.1). While some directors find this easy to achieve as part of their day job others find it more challenging. Some directors believe more should be done to increase awareness as “some SMEs won’t even know about us” and there is a sense that directors believe the board work has become “too insular”. The majority of contributors believe that more should be done to engage stakeholders and that there is an over reliance on officers and the Chair to fulfil this role. Suggestions for improving stakeholder engagement included

- Identify all stakeholders and agree a communications strategy that allocates tasks to directors;
- Ensure that engagement takes place with the correct people within key sectors;
- Know how strategy will impact stakeholders and include that in decision making;
- Co-ordinate representation at events with good notice for directors to enable better attendance.

Recommendation Develop and agree a stakeholder management plan involving all board members to drive an effective communication strategy

3. Division of responsibilities and relationships

It is important to explore if individuals understand their roles within the board and if appropriate relationships are in place with no individual inhibiting the role of another. The key relationships are:

- *Executives’ relationship with the board and Chair*

There appears to be mutual respect for the different roles that each group performs. Executives believe that the Business Board has a good calming influence within the Combined Authority governance framework. They see it operating more like a private sector board with a focus on outcomes and being less process orientated than the rest of the organisation. There is great respect for the combined intellect, qualifications, and experience of the Business Board members. There is recognition from executives that the board can add more value when matters come to it at a stage where there is still room for discussion and development, perhaps less well argued to avoid being perceived as a fait accompli. Workshop discussions have also been beneficial. It is notable that some effort has been made to make improvements in this direction, but some board members believe that still more could be done to generate early board member involvement and avoid a “rubber stamping” role. Some directors would prefer if the board was more in control of the agenda sensing that officers bring what they want to the board rather than what the board requests.

Executives do not consider that board members stray into the executive operational role and the delineation of responsibilities is clear and respected.

Board members generally hold the executive team in high regard and, subject to comments above regarding board papers (see *Administration for board*) consider that board materials are of a high quality. Board members appreciate that any challenge of executives is responded to well without any sense of defensiveness.

Recommendations

- Work continues to ensure that board materials generate the best input from board members by drawing out key areas for discussion and seeking guidance and challenge from board members at a time when the input can have a meaningful impact.
- The Chair and the board should control the agenda with tighter agenda planning

- *Chair and Director of Business and Skills*

I was encouraged by what I heard of the relationship between the Chair and Director of Business and Skills. Each individual understands and respects the role of the other and there was no evidence of encroachment into respective responsibilities. Indeed, a healthy relationship of challenge and debate was described which strengthens the governance framework. These individuals do not always agree but are happy to discuss and argue issues through to a compromise that can be sensibly proposed to the board.

- *Chair and Mayor*

The governance framework for the Combined Authority envisages a close working relationship between the Chair of the Combined Authority Board (the Mayor) and the Chair of the Business Board. Each is also a member of both boards. Unfortunately, the relationship between these individuals is strained. I could not describe this as a relationship demonstrating mutual respect. While I should not breach confidences that have been shared with me, it is important for board members to be aware of an area that may risk the effective operation of the business board. Only four contributors commented on the strained relationship and the Chair has worked hard to manage this relationship outside the board room so that, in his view, it has less impact on board business. The majority of board members appear unaware of any tension although many acknowledge that the Mayor is relatively new to the role and his influence over the board has not yet become apparent. Many also consider that there has been little opportunity during a period of virtual meetings to properly engage and get to know individuals. That relationship building is very important. Board members generally comment that there will be no undue influence from the Mayor because strong personalities within the board will prevent that. Some had concerns that the previous Mayor occasionally had influence over officer proposals or had “pet projects” and hope that the current Mayor will not develop a similar practice. Board members are acutely aware of the need to maintain business board independence.

I have a concern that strain in this relationship may result in the constitutional framework being used incorrectly. There is little to be gained by decisions being made in the business board and being bounced back to that board when the Combined Authority board takes a contrary approach. The governance framework could become dysfunctional. I emphasise the analysis I have summarised at *Working within the constitutional framework*, and I would encourage all involved to rely on the governance framework provided to support relationships.

I offer some generic tips for boards addressing individual relationship concerns and by doing so I do not suggest that these relate to direct circumstances for the business board. I **recommend** that you consider if and how any of these practices may assist the board:

- “Corridor governance” can be damaging so ensure that board business takes place in the board room.

- Board consensus should prevail over individual influence or debates within minority board groups.
- Collective responsibility means that board members should be appraised of all matters that may impact on board decision making – otherwise board members risk making decisions out of context.
- Collective responsibility requires support from all board members once decisions are agreed.
- Respect the governance framework and individual roles within it – each board has a leader who should be respected in that context.
- Board members should respect the boundaries of their remit and not act outside the authority given to them.
- Use board colleagues to facilitate any personality/relationship issues.

4. Composition, succession, induction, evaluation, and development

- *Induction, development, and evaluation of performance*

Generally, directors considered their induction to the board to be very good. This is done in groups for a new intake of directors.

Some directors would welcome the opportunity to discuss their contribution to the board with the Chair and receive feedback on areas for development while others did not consider this to be a priority. The Chair should consider if it is necessary to have annual meetings with board members for that purpose. This could be part of an annual consideration of board performance which is recommended as best practice governance.

Directors considered that if they required formal training, they could ask for it and few considered this to be a priority only suggesting that refresher updates may be useful. There was enthusiasm for developing the board by spending time together and getting to know each other better and also for learning together by examining a particular sector in more detail. One director considered that in any discussion about the purpose of the board it might also be good to consider what the board’s responsibilities were legally and politically.

- *Mix of skills in board team*

The board has diversity targets to meet and maintain as set out earlier in this report.

Directors acknowledged that there have been improvements in representation of views, age, and experience but the majority considered that there could be more diverse thinking on the board. Views expressed indicate that while different sectors are represented individual’s still have very similar experiences. One contributor offered that there could be more diversity of social backgrounds expressing this by asking if the average employee in an organisation would relate to what the business board seeks to achieve. Other contributors consider that more work needs to be done to ensure that there is a better balance of organisation size and type; digital, retail or leisure experience.

It is encouraging that contributors do consider diversity in its widest sense focusing on diverse ways of thinking and want to make further progress in this area.

Recommendation See below regarding succession planning and spend time as a board discussing how the wide diversity that is described can best be achieved.

- *Succession planning and recruiting new directors*

Board members do not describe succession planning as a regular agenda item and consider that this area lacks formality. Contributors described that when vacancies were identified then there would be a discussion at the board regarding what type of skill might be useful to

strengthen the board. There is a sense that recruiting is for executives to deliver, and directors contribute views about skills only. Board members do not know when colleagues are due to leave the board and there is no forward planning and discussion of developing skills to support the future strategy. Some directors believe that there would be benefit in defining more clearly the purpose of the board and then considering what skills are required for that purpose. For example, if there is to be less strategic and more project monitoring work that may determine skills for the future.

It is considered good governance for boards to lead succession planning to agree the requirements for the board in the future and directors have varied views about the diversity of the board so I consider focus on this area would be beneficial.

Recommendation The Business Board should consider annually a plan for succession, noting when director terms end and planning for continuity and skills which will help support future strategy. The board should be briefed about recruitment as it progresses.

Appendix 1 – Summary of Recommendations

Section	Sub Section	Page	Recommendation
2. Board leadership, debate and considering purpose	Nature of debate	5	Continue to explore ways to develop more rigorous debate and understand any reticence from board members
	Administration for board	6	Continue to focus on improving board reporting which should assist with improving the debate of topics.
	Independence of decision making	6	Board members to challenge themselves and others to maintain independence in decision making.
	Board purpose and priorities	7	<p>The business board spends time (perhaps in a separate meeting) defining its current purpose and agenda priorities and considering how each of these important responsibilities can be most effectively delivered</p> <p>Develop a risk register for discussion at the business board at least annually.</p>
	Ambassadorial role and stakeholder management	8	Develop and agree a stakeholder management plan involving all board members to drive an effective communication strategy.
3. Division of responsibilities and relationships	Executives’ relationship with the board and Chair	8	<p>Work continues to ensure that board materials generate the best input from board members by drawing out key areas for discussion and seeking guidance and challenge from board members at a time when the input can have a meaningful impact.</p> <p>The Chair and the board should control the agenda with tighter agenda planning.</p>
	Chair and Mayor	9	<p>Consider if and how any of these practices may assist the board:</p> <ul style="list-style-type: none"> • “Corridor governance” can be damaging so ensure that board business takes place in the board room. • Board consensus should prevail over individual influence or debates within minority board groups. • Collective responsibility means that board members should be appraised of all matters that may impact on board decision making – otherwise board members risk making decisions out of context.

			<ul style="list-style-type: none"> • Collective responsibility requires support from all board members once decisions are agreed. • Respect the governance framework and individual roles within it – each board has a leader who should be respected in that context. • Board members should respect the boundaries of their remit and not act outside the authority given to them. • Use board colleagues to facilitate any personality/relationship issues.
4. Composition, succession, induction, evaluation, and development	Mix of skills in board team	10	See below regarding succession planning and spend time as a board discussing how the wide diversity that is described can best be achieved. [see subsection: Succession planning and recruiting new directors page 10].
	Succession planning and recruiting new directors	11	The Business Board should consider annually a plan for succession, noting when director terms end and planning for continuity and skills which will help support future strategy. The board should be briefed about recruitment as it progresses.