
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 25 February 2020

Subject: **Governance arrangements**

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1. Purpose of this report

- 1.1 To seek agreement on the future appointment of the LEP Chair, and Board appointments.
- 1.2 To ask the LEP Board to approve amendments to governance arrangements of the LEP and LEP governance documents.

2. Information

- 2.1 Both the National Assurance Framework (NAF) and the Government's '*Strengthened Local Enterprise Partnerships*' (Strengthened LEPs) review, stipulate that LEPs must comply with the following requirements:
 - a maximum of 20 members (plus up to 5 co-optees),
 - a minimum of 2/3 private sector representatives,
 - at least 1/3 women members.
- 2.2 Decisions in order to comply with the NAF must be ratified by 28 February 2020 in order to satisfy Government's requirements. The requirements of the Strengthened LEPs review must be effective as of 31 March 2020.
- 2.3 The Strengthened LEPs review also sets out that overlaps between LEPs must be removed. Following discussions over 2019, and despite good will on both sides, negotiations were unable to come to a workable agreement about arrangements for a new LEP covering the whole of the Leeds City Region and North Yorkshire: at the last meeting of the LEP Board on 16 January it was noted that there was insufficient support in the membership of the York, North Yorkshire and East Riding LEP for a merger to go ahead.
- 2.4 The Board reluctantly agreed that the Leeds City Region LEP geography would change to the districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield, while retaining the name of Leeds City Region, and strengthening collaborative arrangements across the functional economic area of the city region. Further details on the development of collaboration across districts are

set out in more detail for discussion as part of item 8, Strengthened Local Enterprise Partnerships.

Chair's Appointment

- 2.5 In anticipation that a new LEP would be established from April 2020 for the whole of Leeds City Region, York, and North Yorkshire, the current LEP Chair's term was extended effective from the June 2019 Annual Meeting for a period of ten months, at which time a Chair of the new LEP would be appointed.
- 2.6 The Chair's tenure is due to expire on 1 April, and a decision must be made about how to fill the role beyond that date.
- 2.7 The Chair has been in post since 2013. He has served two three-year terms, and an extension was agreed by the LEP Board in June 2019 in the light of the exceptional circumstances arising from Government's *Strengthened LEPs* review.
- 2.8 In considering how to proceed, the Board is advised to note the following context:
 - The significantly extended time taken to agree how to implement the requirements of *Strengthened LEPs* in relation to geography, and the need to have made these decisions prior to being able to determine the future arrangements for the Chair of the Board;
 - Ongoing uncertainty around the role of LEPs and the work being undertaken at pace to negotiate a devolution deal for the region. This includes the need to review LEP membership and arrangements as a whole in the context of a potential Mayoral Combined Authority.
- 2.9 A Chair can serve a maximum of nine years in exceptional circumstances. These factors above combined place the LEP in exceptional circumstances which could not have been anticipated or provision put in place to manage appropriately.
- 2.10 Given the exceptional circumstances, and in order to afford stability and continuity it is proposed that the Chair's tenure is extended for up to two years to the Annual Meeting 2022 at which point the maximum nine-year term allowable under exceptional circumstances will be reached. Following this, a new Chair would be appointed.
- 2.11 The second year of this term would be subject to a review to be undertaken during 2020 / 21 in the context of potential devolution changes only and reported on at the Annual Meeting 2021. This review would be set against Terms of Reference and would advise both on the final year of the current Chair's tenure, future requirements, role profile and any associated remuneration package.
- 2.12 Subject to the above, a recruitment process for a new Chair would commence in 2021, ready for the LEP Annual Meeting in 2022.

- 2.13 Given the complex political and governance circumstances in relation to a devolution agreement for West Yorkshire and the potential impact of this upon the LEP's existing projects and programmes, this process would provide stability through a transition period nationally and locally.

Process

- 2.14 A recruitment exercise for the LEP Chair position would be carried out in line with the LEP's Recruitment and Appointment Procedure for Private Sector Representatives (see appendix 4 item 7, Governance). This would include a review of the current role profiles and responsibilities for the Chair and private sector members before the start of an extensive recruitment campaign, in total taking up to c. 9 months.
- 2.15 It is also proposed that the remuneration policy for the LEP Chair and private sector members is reviewed in tandem. The LEP Board's Members' Remuneration and Expenses Scheme currently provides for the LEP Chair's remuneration to be approved by the LEP Board, further to a recommendation by an Independent Remuneration Panel constituted of members of the Combined Authority's Independent Remuneration Panel, together with one or more private sector representatives who are not members of the LEP Board.
- 2.16 External expertise to inform a remuneration policy for the Chair and any other appropriate positions has previously been procured as an optional extension to the existing recruitment tender for LEP Board appointments. Through this, a benchmarking process against comparable NED appointments could be carried out to facilitate the Independent Remuneration Panel to consider and make recommendations to the LEP Board.
- 2.17 As part of this review consideration will also be given to succession planning, diversity activities, member training and member impact, to comply with the requirements of the NAF. This will include a review of private sector representatives' role profiles, responsibilities and remuneration.

Board Membership

- 2.18 In order to comply with the requirements of the NAF and Strengthened LEPs, a recruitment exercise has been carried out to ensure that the diversity and representation stipulations are met. The closing date for those wishing to be considered was 13 January and an Appointments Panel was convened on 6, 12 and 13 February, comprising the LEP Chair, an existing Private Sector representative, and a local authority representative, supported by the LEP's Director of Economic Services.
- 2.19 The recommendations of this Panel are to form a board consisting of 18 members (13 private sector, 5 public sector).

- 2.20 In addition to the Chair, there are a number of terms coming to an end on 31 March 2020, and these will need to be considered to ensure that the LEP Board membership is compliant. These are as follows:
- Professor Bob Cryan
 - Rashik Parmar
 - Andrew Wright
 - Joanna Robinson
 - Mark Roberts
- 2.21 A number of members have taken the decision to step away from the Board, including Nicola Greenan who fulfilled the role of the LEP's Diversity Champion, and a new nomination to this position will need to be considered.
- 2.22 The Chair has sought nominations for this position, and an update will be provided at the meeting.
- 2.23 A full note of vacancies arising is set out in Appendix 1 (to follow), which will be shared by the Chair at the meeting.
- 2.24 In order to meet the recommendation of the Appointments Panel to have a Board comprising 18 members, it is proposed that those members terms which are due to expire on 1 April are extended, with the remaining vacancies filled by candidates as recommended by the Appointment Panel. The Chair will give a full update on these appointments and appointment terms at the meeting.
- 2.25 Should the Board accept these recommendations of appointment, the Board make up will be such that the requirements of the Strengthened LEPs review are met, with 18 members of whom 13 are private sector representatives, 5 are public sector members, 9 are female and 9 are male.
- 2.26 The Strengthened LEPs review also makes provision to appoint up to five co-optees with specialist knowledge, at the Annual Meeting on a one-year basis.
- 2.27 An approach has been made to the business representative groups, in recognition of the key role that they play in supporting business growth in the region, seeking a nomination to the Board as a co-optee, and the Chair will provide an update on this in due course.
- 2.28 In support of the desire to maintain business as usual, it is also proposed that while the LEP's formal membership includes a local authority representative from each of the five partner councils in the LEP area, as well as private sector representatives, representatives of the four 'hinge' authorities (Craven, Harrogate, Selby and York) could be invited to attend meetings as observers. This would allow discussion, debate and decisions to be taken with the benefit of a regional understanding of impact, benefits and opportunities.
- 2.29 The Chair has extended invitations to this effect, and an update will be provided at the meeting.

- 2.30 It is proposed that public sector membership of Panels remains unchanged, reflecting all ten former Leeds City Region authorities (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, North Yorkshire, Selby, Wakefield). More details of this proposal are set out in item 8, Strengthened LEPs.
- 2.31 Given the changes to the composition of the LEP Board, it is also timely for the LEP to consider appointing a private sector representative as LEP Deputy Chair. This is identified as best practice by the NAF. It is proposed therefore that the LEP Board appoints a private sector representative to this position, to be of effect from 31 March, and that this person is nominated by the LEP to act as a substitute for the LEP Member appointed to the Combined Authority.
- 2.32 The Chair has sought Expressions of Interest for this role from existing Private Sector members, and an update will be provided at the meeting.

Governance documents

- 2.33 The LEP's governance documents need to be revised to reflect the revised LEP geography and other governance changes required by the NAF relating to membership. Proposed amendments are set out below, together with miscellaneous minor amendments for clarification and updating purposes.

Document	Para	Amendment
Appendix 2 - LEP Constitution	Para 1, footnote 1	To reflect the revised area of the LEP
	1.3	To update by removing reference to the SEP
	4.2	To incorporate the requirement that at least 2/3 of the members of the LEP Board must be private sector representatives
	4.3	To incorporate the requirement that there must be no more than 20 members of the LEP Board
	4.4, footnote 5	To clarify that eligibility criteria apply to all members of the LEP Board including co-optees
	4.7	To revise local authority representation to reflect the revised geographic area of the LEP
	4.8	To delete references to substitute arrangements for local authorities outside the revised geographical area as no longer relevant.
	4.10	To provide for the appointment of a private sector Deputy LEP Chair
	4.14	To provide for the appointment of co-optees
	4.15	To clarify terms of office, including of co-optees
	4.21	To provide for termination of a member's term for failure to attend any LEP Board meeting for 6 months, without prior approval of the LEP Board
	7.1, footnote 13	To clarify that the Code of Conduct applies to co-optees

Document	Para	Amendment
Appendix 3 - LEP Procedure Rules	3.3	To clarify that the LEP Chair may amend the time or date of any meeting.
	6.1	To provide for annual meeting business to include the appointment of co-optees
	7.1	To provide for a standing agenda item on partnership and collaboration
	14.2	No voting rights will be afforded to invited guests or co-opted members.
Appendix 4 - Recruitment Procedure for Private Sector Representatives	1.1 and following	To extend the procedure to the recruitment of any private sector representatives to a working group of the Combined Authority
	4.6	To update post-title
	8	To provide for a procedure for appointing a private sector Deputy LEP Chair
Appendix 5- LEP Equality and Diversity Policy and Statement	Introduction	Amended to reflect revised LEP geography
	Diversity Statement	Updated to reference the Recruitment and Appointment Procedure for Private Sector representatives and other current practices such as the appointment of a Diversity Champion

- 2.34 It is proposed that the changes to the LEP membership arrangements and the proposed amendments to the LEP governance documents take effect when the geographic area of the LEP changes on 31 March.

Panel Membership Change

- 2.35 The LEP Constitution provides that the Combined Authority may appoint any member of the LEP Board to be a member of a Combined Authority panel or committee.
- 2.36 The Inclusive Growth & Public Policy Panel (IGPPP) is currently carrying a vacancy following the resignation of Nicola Greenan, private sector LEP Board Member, who was also appointed to the IGPPP. The Board is asked to recommend to the Combined Authority that LEP Board member, Kate Hainsworth, fill the vacancy on the Panel and that the recommendation be taken forward for adoption by the Combined Authority at its next meeting.

3. Clean Growth Implications

- 3.1 Through meeting the requirements of Strengthened LEPs, the LEP will be positively working towards meeting its stated corporate priorities through a

positive working relationship with Government which will enable future policy making to fulfil the LEP's strategic ambitions.

4. Financial Implications

- 4.1 None as a result of this report.
- 4.2 In putting in place a LEP that meets the full requirements of *Strengthened Local Enterprise Partnerships*, the LEP has removed the risk of being penalised in future funding for local growth and infrastructure.

5. Legal Implications

- 5.1 The governance arrangements of the LEP are not statutory, but the LEP and the Combined Authority, (as the LEP's accountable body), are required to comply with the requirements of the Strengthened LEPs review and the Assurance Framework.
- 5.2 Changes to the Recruitment Procedure for private sector representatives are subject to approval by the Combined Authority as well as the LEP, as this is a jointly adopted procedure.

6. Staffing Implications

- 6.1 There is capacity available to support the recruitment process for the LEP Chair and the associated review of terms.

7. External Consultees

- 7.1 As part of Strengthened LEPs, partner authorities and the Business Communications Group have been consulted on work to comply with the Government's requirements.

8. Recommendations

- 8.1 That the current Chair's term of office is extended for a period of up to two years to the Annual Meeting 2022, subject to a review in 2021 in accordance with Terms of Reference, to be prepared by the Chief Executive of the LEP and agreed by the Board.
- 8.2 That the Board delegate authority to the Chief Executive of the LEP to undertake a review of the Chair's role profile and remuneration as part of the recruitment process at an appropriate time as set out in this report.
- 8.3 To note and agree the Board make up as set out at 2.19, and the appointment of private sector members as set out in Appendix 1, which the Chair will share at the meeting. Doing so will ensure that the requirements of the NAF and Strengthened LEPs review are met.

- 8.4 To note and agree the option to appoint a co-optee from business representative organisations on a one year basis to support the LEPs agenda and core priorities. Any appointment will be made at the LEPs Annual Meeting.
- 8.5 To invite attendance at future meetings from representatives of Craven, Harrogate, Selby and York.
- 8.6 To appoint a Private Sector Deputy Chair with effect from 31 March 2020, and nominate them to the West Yorkshire Combined Authority, as the substitute LEP Member on the Combined Authority.
- 8.7 To appoint a Diversity Champion with immediate effect.
- 8.8 To approve amendments to the following LEP governance documents as set out in the relevant appendices, with effect from 31 March 2020:
- Appendix 1 – LEP Board membership (to be tabled)
 - Appendix 2 - LEP Constitution
 - Appendix 3 - LEP Procedure Rules
 - Appendix 4 – Recruitment and Appointment Procedure for Private Sector Representatives
 - Appendix 5 – LEP Equality and Diversity Policy and Statement
- 8.9 To recommend to the Combined Authority the appointment of LEP Board member, Kate Hainsworth, to the Inclusive Growth & Public Policy Panel.

9. Background Documents

- 9.1 [HM Government \(2018\), *Strengthened Local Enterprise Partnerships*](#)

10. Appendices

- Appendix 1 - LEP Board membership (to follow)
- Appendix 2 - LEP Constitution
- Appendix 3 - LEP Procedure Rules
- Appendix 4 - Recruitment Procedure for Private Sector Representatives
- Appendix 5 - LEP Equality and Diversity Policy and Statement