

Coast to Capital

Meeting: Coast to Capital Board Meeting
Date: Wednesday 29 January 2020
Report Title: Governance - Recommendations for Approval
Report by: Kate Edwards & Katie Nurcombe
Item No: 4
Part: A

Recommendation:

The Board is asked to approve the:

- 2020/21 Budget
- appointment of Kreston Reeves as our external Auditors for the year ending 31 March 2020, for a period of 3 years
- new Risk Policy
- The composition of the Nominations Committee
- appointment of Amanda Jones as Audit Committee Chair
- appointment of Julie Kapsalis as Investment Committee Chair
- appointment of Colin Kemp as Investment Committee Vice Chair
- updated Assurance Framework 2020 and Annexes
- process for consultation sign-off
- the process for informing Board Directors they have been referenced in correspondence

1. Context

Coast to Capital has a strong Governance structure and mechanisms in place which means that the Board can take comfort in the decisions it is asked to formally take. In each of the following areas, the relevant Committee has provided scrutiny and oversight along with guidance from our Accountable Body.

2. 2020/2021 Budget

The Board is requested to approve the draft budget for 2020/21, which includes a request to run an in-year deficit budget.

2019/2020 Outturn

In preparation for 2019/20 the proposal to run a deficit budget of £252k was approved to drive the delivery of the Local Industrial Strategy (LIS) and to cover the

increased costs expected as a result of the office move due to the termination of the lease at Arun House.

Coast to Capital is forecasting to manage within the budget for the year for 2019/20.

2020/2021

A best case and worst case scenario budget has been developed and a RAG rating has been applied to income based on level of uncertainty. Overall income is projected to be between £2.3 million and £2.6 million with costs of c. £2.3 million.

Excluding fully funded services or capitalised projects, three months of operating costs are £381k. Assuming reserves remain as at 31 March 2019 at £636k, reserves up to £254k could potentially be utilised without dropping reserves below this level.

3. Appointment of Auditors

Coast to Capital has had the same external auditor of its annual accounts since its creation in 2011 and the Audit Committee agreed that this should be reviewed. A formal tender process was led by the Audit Committee and agreed by the Accountable Body. Three bids were received and all three firms were invited to present to the Audit Committee meeting in November. The presentations were scored and the Audit Committee agreed to recommend to the Board that the highest scoring firm, Kreston Reeves be appointed as our external Auditors for the year ending 31 March 2020, for a period of 3 years.

4. Risk Policy

Risk experts BDO have reviewed the risk management processes at Coast to Capital to update our ways of working in line with our changing environment. They have conducted various sessions and workshops to engage with Board members, Senior Management Team members and other key internal team members. A Risk Policy (see Annex A) has been developed that demonstrates a process, framework, and risk appetite that will enable specific tolerance levels to be set. BDO are also working through identifying risks and developing a new company and departmental risk registers, which will be implemented in early 2020. The Audit Committee reviewed the Risk Policy Document at their November meeting and recommended that the Board approve this policy and its implementation.

5. Chair Recruitment

A Chair Recruitment Working Group has been established to lead the agency search and undertake the preparatory work for the Nominations Committee who will undertake the selection process for a new Chair. The Working Group members included Martin Harris (Chair), Rosaleen Liard, Tim Wates and Jonathan Sharrock.

To identify a search agency to support us a formal tender process was led by the Working Group and agreed by the Accountable Body. Seven bids were received and three firms were invited to present to the Working Group in early January. The presentations were scored and the Working Group recommended to the Board that the highest scoring firm, Green Park be appointed as our search agency. The fee for the agency is £18,000 (including VAT) and a budget allocation of £30,000 has been allocated to this task from the Chief Executive contingency and underspend in Board Meeting costs to cover any potential additional unexpected costs.

The search agency will lead the recruitment campaign including finalising the Job Description. The agency will manage the recruitment process; however, utilising our own networks will also be key. Green Park will be engaging fully with Board members on a one-to-one basis both on the content of the Job Description and suggestions for candidates from your networks. Board members are requested to allow flexibility in their diaries to engage with this process.

It was agreed at the October Board meeting to progress with the Chair recruitment on the basis that the role would be a paid one at £20,000 per annum. The final level of remuneration will be approved by the Board as part of the Budget 2020/2021 approval. As required by the National Assurance Framework a Remuneration Policy will be developed by the Nominations Committee along with considerations on Board Development and Performance.

The Board is asked to approve the Nominations Committee who will lead the recruitment process. Nominations have been received from non-conflicted Board members:

- Martin Harris (Chair)
- Rosaleen Liard (Vice Chair)
- Dan Humphreys
- Frances Rutter

The composition of the Nominations Committee is representative of the Board and in line with the Articles and Assurance Framework. Draft Terms of Reference can be found at Annex B.

6. Committee Appointments

Mike La Rooy concludes his final term as Board Director on 31 January 2020 so this will be his last Board meeting. As such there is a vacancy for the Chair of the Audit Committee. Amanda Jones has been nominated by the Chair's Committee for Board approval. Mike has agreed to continue to serve on the Committee as an independent member for continuation of knowledge which the Board is asked to approve.

Over the past year Julie Kapsalis has been the interim Investment Committee Chair. The Board is asked to formally confirm Julie as Investment Committee Chair.

Under new Terms of Reference agreed by the Investment Committee in December a Vice Chair needs to be appointed. The Board is asked to approve Colin Kemp as Investment Committee Vice Chair.

The Growing Places Fund Committee is currently looking for nominations for an additional member from our Local Authority Directors. Local Authority input and engagement on this Committee is important and currently there is only one Local Authority member (Colin Kemp). Please consider this opportunity and put yourself forward.

7. Assurance Framework

We have reviewed our Assurance Framework (see Annex C) which reflects a number of changes:

- Our new Anti-Fraud and Anti-Bribery Policy
- Our new Conflicts of Interest Policy
- A revised Financial Controls Policy
- Proposed changes to the term lengths of the FE and HE Directors
- Clarification in relation to Deputies
- Confirmation that the Chief Executive is a paid position and the Chair role will become a paid position
- That two Directors must be on a Committee (in line with the Articles)
- That Board members must live and/or work in the region or have strong connections to the region (in line with the Articles)
- The change of the name of the 'Gatwick 360 Programme Group' to the 'Local Industrial Strategy Programme Group'
- Updated Investment Committee Terms of Reference (principles approved at December 2019 Investment Committee)
- New Growing Places Fund Terms of Reference (GPF Committee considered an earlier draft)
- Updates to pick up any typos and inconsistencies in language
- Adjustments to the terminology of 'Chair' rather than 'Chairman' and 'Vice Chair' rather than 'Vice Chairman'.

The updated Assurance Framework has been reviewed by the Audit Committee. The final document has been approved by the Accountable Body who has confirmed that it meets the [National Assurance Framework](#) requirements. Once approved by the Board the updated document will be published on the website.

A brief review of the Coast to Capital Articles will also take place to align any of the changes above.

8. Consultation Response Sign-Off Process

On a regular but infrequent basis Coast to Capital respond to external consultations. We propose that if the topic falls under a Board Director with a portfolio responsibility they are given the authority to sign-off the response. For general responses the sign-off responsibility sits with the Chief Executive. The Chief Executive will escalate if necessary. The final response will be shared with Board members, ideally a week before the submission date to for information.

9. Board Director Correspondence Process

Recently, a small number of Board Directors have been referenced in correspondence with external parties. This happens on an infrequent basis. If we receive any correspondence that refers to a Board Director this will be shared with the relevant Board Director redacting any confidential information if necessary. If you do not wish to be made aware you are able to opt-out.

10. Diversity Statement

- Diversity is a key consideration in the appointment process for the Chair.
- Appointments to the Audit Committee means that the percentage female members of this Committee is now 67%.
- As the Investment Committee membership includes all Board members (excluding the Chair) the diversity of attendance will be monitored.
- The Assurance Framework includes our Diversity Statement and is compliant with all diversity requirements set by Government.

11. Legal Statement

- The Chair recruitment agency appointment process was signed off by the Section 151 Officer.
- The Accountable Body legal team has reviewed the updated Assurance Framework and confirmed that it complies with the National Assurance Framework.

Annexes:

- Annex A - Risk Policy
- Annex B - Nominations Committee Terms of Reference
- Annex C - Assurance Framework