

Meeting:	Coast to Capital Board Meeting no. 43
Date:	22 January 2019
Report Title:	Board Composition and Assurance Framework Update
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Item No:	5
Part:	A

Recommendation

Following the publication of the new National Assurance Framework (NAF) the Board is asked to **discuss** specific changes in the updated Assurance Framework (**Annex 1**) (marked up in red) that will need Board approval, in particular the proposed changes that have implications in relation to the **composition of the Board including:**

- Croydon Board membership following the boundary changes
- Confirming an additional District Council representative following consultation with Districts and Boroughs
- Chairman and Vice Chairman terms and appointment process
- Diversity statement and commitments

The Board is also invited to **consider:**

- The introduction of a Coast to Capital Scrutiny Committee
- Merging of the responsibilities of the Growing Places Committee into those of the Investment Committee, subject to discussion with the new Board member for Finance
- Whether the existing scheme of financial delegation between Board and Investment Committee is appropriate in relation to the £2m referral threshold and whether this should be increased to £5m, to reduce Board workload.

The Board is asked to **note:**

- the non-contentious updates to the Assurance Framework as a result of the new NAF and other developments over the past year (marked up in blue)
- the updated Coast to Capital Assurance Framework Annexes (**Annex 2**) including a new Investment Committee and Skills 360 Terms of Reference.

The Board is also asked to **note** next steps and confirm the mandate for CE to take this work forward with the appropriate sub-Committee as required.

1. Introduction

A new [National Assurance Framework](#) was published in January which addresses the recommendations of the Mary Ney Review ([Review into Local Enterprise Partnership Governance and Transparency](#)) and the National LEP Review ([Strengthened Local](#)

[Enterprise Partnerships](#)). All LEPs are required to update their Local Assurance Frameworks to reflect these requirements by **31 March 2019**.

2. Process and Next Steps

We have seen early drafts of the new National Assurance Framework and have worked hard to present a draft version of our Assurance Framework for the Board to consider at this meeting. This meeting is an opportunity for the Board to discuss the key decision points, in particular in relation to Board composition, so we can finalise the draft in collaboration with our Accountable Body and Government over the coming months.

We believe that this draft meets the majority of the requirements of the new document; however, further work will need to be done as the final version of the NAF was only published on 8 January. The Accountable Body has commented on our initial draft but not signed off the Assurance Framework as further compliance checking will be required once a final version has been produced.

The next steps will be to:

- Finalise the Assurance Framework following feedback and comments from the January Board meeting (Jan 19)
- Engage with Board members individually if required (Jan 19)
- Update visuals (map, diagrams etc)
- Update Articles of Association in line with agreed Assurance Framework developments
- Confirm approval by Accountable Body and Government (Feb 19)
- Confirm approval of specific elements by Joint Committee (Feb 19)
- Sign off final Assurance Framework and new Articles with the Board via email (Mar 19)
- Publish the new Assurance Framework by deadline (31 Mar 19)
- Boundary changes to come into effect 1 April 2019

There are a number of changes in the Assurance Framework which will need discussion and approval by the Board and these updates are in **red text** in Annex 1.

3. Implications for Board Composition

Geography

Following the publication of the LEP Review we agreed positions in relation to Croydon and Lewes with our partners. The deal with London provides for continued close collaboration between both LEPs and Croydon on the development of a shared strategy for the London to Gatwick corridor. This will include a shared LIS, and shared commitment to the transport, digital and university priorities along the corridor set out in Gatwick 360. Croydon will be part of the London LEAP going forward.

A similar deal has been agreed in relation to Lewes, with provision for both we and SELEP to be involved in the delivery of the Newhaven Enterprise Zone for a further two years, to help take that work to the next level. Lewes would be part of SELEP going forward.

These agreements will need to be included as Annexes to the Assurance Framework. There are a number of governance implications of these agreements which will need to be discussed and agreed for inclusion in the Assurance Framework.

It is proposed that a Croydon Local Authority member and a Croydon business representative remain on the Board and this is reviewed at the end of the two year transition period (March 2021). It is also proposed that Croydon and Lewes keep their seats on the Joint Committee and continue to make a contribution to the Coast to Capital operating costs during the transition period.

Coast to Capital services have always been delivered in Croydon, but not in Lewes. It is also proposed that we continue to deliver our services in Croydon, subject to collaboration with GLA and Government on changes to this: for example, Government may reduce our Growth Hub grant in line with changing boundaries. We are keen to make the new Escalator Programme for scale-up businesses, which will be a chargeable service, open to companies in Croydon and Lewes.

The Assurance Framework also confirms that a two year transition period is currently underway to handover responsibility for the Newhaven Enterprise Zone to the South East LEP by April 2021.

District Council Representation

Following the October Board meeting we consulted with our Districts and Boroughs on their representation on the Board. All respondents (except one) strongly agreed to introduce an additional District Council representative on the Board. Our proposed approach to introducing this as follows:

- One representative for the District and Boroughs of 'Gatwick South' (Adur, Worthing, Arun, Chichester and the South Downs National Park)
- One representative for the Districts and Boroughs of 'Gatwick Central' (Horsham, Mid Sussex, Crawley, Reigate & Banstead, Tandridge, and Epsom & Ewell).
- The role of these representatives is to promote the voice of the Districts and Boroughs and a strong job specification is required.
- Both representatives will be appointed by the Chairman following a nomination by the Districts and Boroughs they represent.
- They will serve a term of two-years with the possibility of serving a further one-year term following approval by the Districts and Boroughs they represent and the Chairman.
- The District Council representatives are also the Chairman and Vice Chairman of the Joint Committee, as decided by the Chairman, to ensure continuity and consistency of engagement.
- In advance of Board meetings the representatives will be able to share the Chief Executive Report with their colleagues and a summary of the key decisions to be taken at that Board meeting.

If agreed by the Board, these changes will be put to the Joint Committee at its next meeting in March 2019 for ratification.

It also requires a specific amendment to our Articles to change our maximum Board number from 19 to 20, which is the Government's specified maximum Board size.

Please note that this number includes our three co-opted Directors whereas the Government allows for an additional five co-opted Directors.

We have included our co-opted Directors in our maximum figure as we want these posts to have two-year terms (with the possibility of extension) rather than the one-year term specified by Government.

Chairman and Vice Chairman

The National Assurance Framework requires us to confirm the responsibilities of the Chairman, Vice Chairman and Chief Executive which is set out in the document.

As agreed at the October Board meeting, the Chairman and Vice Chairman's terms of office will run for three years from their appointment with the potential to renew for one further term upon a recommendation from the Nominations Committee to the Board for the Chairman and upon a recommendation from the Chairman's Committee to the Board for the Vice Chairman. This is in line with Government guidance.

The updated Assurance Framework clarifies the appointment process for Board Directors, the Chairman and the Vice Chairman in line with current practice. It confirms that we will consult with business on the appointment of the Chairman and Vice Chairman.

Diversity

The Assurance Framework must include a diversity statement which is drafted as follows:

'Coast to Capital is an inclusive organisation that values and promotes diversity. We work across a diverse and vibrant region and believe that our impact is enhanced through championing inclusion and reflecting the dynamic businesses and communities that we support. Diversity fosters growth and innovation and is integral to the delivery of our strategy.'

Diversity has been highlighted by Government as an area we need to make progress on and Government has also confirmed that the expectations of a third female representation on our Board by 2020 and an equal representation by 2023 relates to the entire Board and not just the private sector portion of the Board. We have made commitments to this as required in the Assurance Framework.

4. Other Governance Changes for Consideration

Scrutiny

The updated Assurance Framework sets out our arrangements in relation to scrutiny in detail. It also points to the introduction of a new Scrutiny Committee which was proposed by the Audit Committee and will need to be approved by the Joint Committee at its next meeting (planned for February). The new Scrutiny Committee is to be a genuine public forum which anyone can attend. Our ambition is for it to take the best principles of public sector scrutiny and apply it to the work of Coast to Capital in this governance structure. It is proposed that the Scrutiny Committee would:

- Be held in public
- Perform a scrutiny function for Coast to Capital
- Consist of elected politicians from all Local Authorities (cabinet portfolio holders)

- Not consist of any Board members
- Have a strong diversity balance
- Meet annually
- Scrutinise key decision by Coast to Capital with a steer from the Chairman
- Cover a wide range of Coast to Capital business
- Be able to scrutinise projects and delivery partners if required
- Involve a Q&A session rather than preparation of papers
- Include tomorrow's leaders (Young Chambers and Young Mayors etc)
- Be attended by the Accountable Body
- Report to the Audit Committee (the Chair would attend the Audit Committee)

We will engage with our Accountable Body and experts on the introduction and operation of this Committee. Once agreed by the Joint Committee it will be added to the Assurance Framework.

Growing Places Committee & Investment Committee

Within the new Assurance Framework we propose to merge the activities of the Growing Places Committee into those of the Investment Committee. This is subject to more detailed engagement with the new Board member for Finance and the separate Board item on the Growing Places Fund. This will ensure a single reference point for oversight and monitoring of all Coast to Capital Investments, together with a single reporting structure back to the Board.

Further, the Board is invited to consider whether the current level of financial delegation at £2m for the Investment Committee, with projects valued at above this threshold being referred to the Board, is the optimal level to ensure appropriate Board workload. The opportunity exists within the new Assurance Framework to leave the value at £2m or to raise it to a higher level to reduce Board workload.

5. Assurance Framework Update

We have updated our Assurance Framework to address all the new requirements in the National Assurance Framework which can be found in Annex A. We have also updated our Assurance Framework to reflect other developments over the past year including:

- Our new Strategic Economic Plan
- Our new single Accountable Body arrangements
- The new high risk project monitoring and role of the Investment Committee agreed at the July 2019 Board meeting
- Clarified arrangements in relation to the Newhaven Enterprise Zone
- The bringing in-house of the Growth Grant Programme and the launch of the new Escalator Programme
- The introduction of the new Skills 360 Board

These updates and non-contentious new requirements from the updated National Assurance Framework are in [blue text](#).

The Annexes to the Assurance Framework have also been updated. The main change is to the Investment Committee Terms of Reference which has been replaced following the changes to its remit already agreed by the Board and the proposed changes above. The Skills 360 Board Terms of Reference will be approved at its first meeting in January and is subject to Skills Advisory Panel requirements. Following recommendations from the

new interim Head of Finance our Procurement and Payments Policy has been updated. The rest of the changes are noted in tracked changes and are non-contentious.

6. Finalising the Assurance Framework

We need to do more in relation to Value for Money and we propose that Investment Committee has delegated authority to approve this. It is proposed that the Board gives the Chief Executive a mandate to take forward the preparation of a final draft.