

Business Board Performance Assessment Framework and Recruitment Process

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| To: | Business Board |
| Meeting Date: | 19 July 2021 |
| Public report: | Yes |
| Lead Member: | Chair of the Business Board, Austen Adams |
| From: Domenico Cirillo, | Business Programmes & Business Board Manager, Domenico Cirillo |
| Key decision: | No |
| Recommendations: | <p>The Business Board is recommended to:</p> <ul style="list-style-type: none">a) Approve the proposed Performance Assessment framework for the evaluation of the Business Board and individual private sector members;b) Recommend the Combined Authority approve the preferred option to fund the evaluation;c) Note the resignation of both Kelly Swingler and Nicki Mawby as Business Board members; andd) Agree the process and timetable for the recruitment of Business Board members from August 2021 following Board approval. |

1. Purpose

- 1.1 To seek Board approval of the proposed performance assessment framework for the evaluation of the Business Board function and of individual private sector members.
- 1.2 To notify the Board that both Kelly Swingler and Nicki Mawby have submitted written resignations as members of the Business Board with immediate effect.
- 1.3 To seek Board endorsement for the recruitment of replacement Business Board members and reserve list to cover any future vacancies.

2. Performance Assessment & Evaluation Framework

- 2.1 Best practice recommends that any board, regardless of sector, company type or industry, should continuously review effectiveness and assess performance to improve. The subject of Business Board performance was one of the recommendations from the Governance Review Workshop held back in January 2020, and it was agreed that an improved process for Board performance or otherwise will be recommended to the Business Board for implementation (see Appendix 1 for a copy of the Business Board Governance Review Progress Report - Sept 2020).
- 2.2 The effective functioning of a board is a key factor contributing to the success of an organisation. An externally facilitated review of the Board can be extremely valuable in contributing to board effectiveness, which has been recognised through various governance codes over the years, typically on a 'comply or explain' basis. Whether an organisation is listed or not, a periodic and rigorous board evaluation process represents best-practice and should be considered as part of any governance or board effectiveness review focusing on examining the following:
 - Roles and responsibilities. The extent to which the board and its members are successful in fulfilling their key roles and responsibilities. The extent to which individual members contribute to the achievement of these objectives.
 - Structures and procedures. The extent to which the board and its members adhere to best practice in their structure and procedures.
 - Appropriate board behaviours. The extent, to which the culture of the board and members, and the behaviour patterns of individual directors, is supportive of the effective functioning of the board.
 - Recommendations as to how the board and its individual members can perform more effectively.
- 2.3 Combined Authority officers are proposing the Combined Authority appoint the Institute of Directors (IoD) Board to undertake the performance assessment and evaluation, who specialise in providing Board effectiveness services – please see brochure attached as Appendix 2 for further details and Appendix 3 for a copy of the IoD proposal.
- 2.4 The IoD will utilise an “8 Step Board Evaluation Methodology” which uses a combination of tools and techniques including questionnaires, interviews, and observations. It also takes

account of the organisation type (e.g. public vs private sector, SME vs listed company, family business etc.).

The 8 steps of the methodology are followed to help build as complete a picture as is practical during the evaluation process:

- Step 1: Discovery and analysis (review of key documentation and board level activities)
- Step 2: Confirmation of questions for IoD Board Evaluation Questionnaire
- Step 3: Distribution of IoD Board Evaluation Questionnaire
- Step 4: Structured and confidential interviews
- Step 5: Observations of board meeting(s) over the past 12 months (available via Zoom)
- Step 6: Drafting of findings and recommendations
- Step 7: Presentation of findings and formulation of agreed action plan
- Step 8: Submission of final report, evaluation, and de-brief.

- 2.5 The time scales for delivering a Board evaluation vary. It is a function of organisation size, structure and scale, board composition and geographical location. Timescales for the delivery are therefore, agreed as part of the pre brief and detailed scoping phases of the methodology and will be agreed before the commencement of detailed evaluation activities.
- 2.6 Following the completion of the review the consultants will draft a board effectiveness report providing a balanced description of the effectiveness of the board and its members based on the evidence gathered. The report will provide a factual and objective summary of the evidence gathered. This draft report, together with recommendations for improvements, will be delivered via a facilitated workshop to the Business Board where all members will be engaged to identify final areas of action to take forward.
- 2.7 The final report will be submitted along with an action plan to create sustainable and measurable change and will be presented at the Business Board in November. This will be delivered alongside a debrief session with members to evaluate the quality of the experience and service overall.
- 2.8 There are several benefits that may be derived from board evaluation. When embarking upon a board evaluation process, and include (but are not limited to) the following:
- Providing a periodic opportunity for the board to pay detailed attention to the firm's corporate governance framework, which can often be overshadowed by short-term business issues during regular board meetings
 - Testing members' knowledge of the business and its strategic situation
 - Assessing the balance of skills, knowledge and experience on the board

- Identifying weakness that can be remedied by training and development, or the introduction of additional or replacement board members
- Reviewing current board and committee working practices, and considering how to improve efficiency
- Reviewing the effectiveness of board's strategic thinking and decision-making
- Providing an ongoing challenge to attitudes on boards with long-serving or dominant members
- Generating information for shareholders and other legitimate stakeholders concerning the functioning of the board and overall approach to corporate governance
- In those cases where the composition or membership of the board is inadequate, creating the conditions for a possible change of constituents.

3. Private Sector Member Recruitment

- 3.1 Following the recent resignation of two Business Board members, it is necessary to undertake a recruitment campaign to appoint replacement members and to establish a reserve shortlist to cover any future vacancies.
- 3.2 There is also a requirement to confirm the reappointments of existing members appointed to the board in September 2018. Business Board members can serve for a period of three years, renewable for one further term subject to the approval of the Business Board. Section 3.3.41 of the Assurance Framework sets out the principles of membership and the terms of office whereby *“The term of office for private sector representatives will normally be a maximum of three (3) years, and subject to a maximum of one consecutive term”*.
- 3.3 The recruitment process for new private sector members will run concurrently with the board evaluation process and is expected to take up to 3 months from August 2021 for new appointments to be made in time for the Business Board meeting in November. The process for appointing the new Business Board members will be as follows:
- HR and Business Board team to finalise the job profile
 - Board member vacancies to be advertised on CPCA website and through the Mayor's office, including the Centre for Public Appointments website
 - Shortlisting of applications by HR (with a focus on meeting Diversity requirements around target groups)
 - Board members and CPCA Officers to network with potential candidates, referring them to the job advert
 - HR and Business Board team to finalise candidate shortlist and to confirm arrangements for candidate interviews
 - Formal Appointment panel to include the Chair or Vice-Chair of the Business Board,

Mayor of Cambridgeshire and Peterborough Combined Authority or the Combined Authority's Lead Member for Economic Growth supported by the Director of Business and Skills or his/her nominee

- Appointments Panel to confirm appointments of recommended Board members.

- 3.4 The job profile and advertisement will be openly advertised on a variety of platforms to ensure that people across the business community have an opportunity to apply and be considered for the roles.
- 3.5 As stated in the Business Board Constitution, whilst all appointments to the Business Board will be on merit, in accordance with Government requirements, appointments will align with the Business Board Diversity Statement (July 2019), which is attached as Appendix 4 for information.
- 3.6 The costs of the recruitment process are estimated to be c. £5,000; this is already allowed for within the Local Growth Fund (LGF) Programme Costs budget line, as there is a recurring allowance for recruitment costs in each year.

Significant Implications

4. Financial Implications

- 4.1 The proposed cost of the board evaluation as set out in this report is £35,000 plus VAT. As this is a one-off item that was not proposed at the time of budget setting, there is not existing provision within the MTFP. Consequently, a new budget line would need to be created and funded.

There are two options available to the Board, and a decision will need to be agreed on which of the following options is recommended for Combined Authority approval:

Option 1 – Allocate the full cost to the Enterprise Zones Reserve Fund

Option 2 – Allocate the cost in line with the Business Board members remuneration process, with 75% taken from the LGF Programme Cost and 25% taken from the Enterprise Zones Reserve Fund.

- 4.2 The table below shows the impact of the requested decision on the MTFP.

| Financial change summary (£'000) | | | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------------------|------------------------------------|----------|---------|---------|---------|---------|
| Change Requested | BB Effectiveness Review (new line) | Approved | 35 | - | - | - |
| | | STA | - | - | - | - |
| | | | | | | |
| Revised MTFP | BB Effectiveness Review | Approved | 35 | - | - | - |
| | | STA | - | - | - | - |

- 4.3 Please refer to Table 8 in Item 2.1, Budget & Performance Report which gives an overview of the asks on the Enterprise Zones Reserve Fund. As can be seen, there are sufficient funds forecast to be received within 2021/22 to meet the funding requested here under either option, along with those in Item 3.2 and Item 3.3, whilst leaving an in-year surplus of at least £114k.
- 4.4 Please refer to Section 9 in Item 2.1, Budget & Performance Report which outlines the funds available for the LGF Programme Costs Budget. Should the Board decide on Option 2, there is sufficient headroom within the budget to accommodate the sum of £26,250.

5. Legal Implications

- 5.1 The requirements around improving LEP performance are set out in the National Assurance Framework (Pg 44, Self-Regulation and Peer Review):

(167) LEPs have an essential role in self-regulation and peer review to drive improvement across the sector. The Government encourages LEPs to share and support best practice. The Government and the LEP Network will be looking to establish visits and partnerships between LEPs so that LEPs can build up their capacity to be a self-regulating sector. The Government, the LEP Network and LEPs will develop a sector-led approach to assessing and improving performance through regular peer review.

(168) In the majority of cases, Government intervention will be minimal as the sector matures and self-regulates to effectively address underperformance at the local level and through the network of Local Enterprise Partnerships. As outlined in the Framework, we expect LEPs to self-regulate and seek challenge to improve their working arrangements.

- 5.2 The requirements as to recruitment of the Business Board Chair and Members are set out in the Business Board Constitution and the Assurance Framework.

6. Other Significant Implications

- 6.1 None.

7. Appendices

- 7.1 Appendix 1 – Business Board Governance Review Progress Report (September 2020)
- 7.2 Appendix 2 – Institute of Directors Board Evaluation Services Brochure
- 7.3 Appendix 3 – Institute of Directors Board Evaluation Proposal
- 7.4 Appendix 4 – Business Board Diversity Statement (July 2019)

8. Background Papers

8.1 [Cambridgeshire and Peterborough Combined Authority Constitution](#)

8.2 [Business Board – Governance Review report \(15th September 2020\)](#)

8.3 [National Local Growth Assurance Framework](#)