

7. Chief Executive's Report

Appendix 2 - Governance Review and Update

Summary

Over the next 6 months, several pieces of governance work are needed and/or recommended. These are outlined below for information and any feedback with relevant references to the National Local Growth Assurance Framework¹ (NLGAF), LEP Assurance Framework (LAF)² and Articles³:

Background

Through a combination of compliance, Somerset local government reorganisation, emergence of Great SW four pieces of work are required.

Vice Chair & SME Champion

Following Karl Tucker's extension of term as Chair, agreed at the October Board, it is necessary to appoint a vice-Chair plus a SME champion. The NLGAF states that best practice is for the vice-chair to be private sector but does not specify an open recruitment process and the LEP's Articles state that the vice-Chair is appointed by Board members (Directors). No guidance is set out how an SME champion is agreed and it is recommended that:

1. Vice-Chair & SME Champion to be agreed at January LEP Board

Merge Strategic Investment Panel and Finance & Resources Committee

With the near-finalisation of the LEP's grant investments, SIP work will largely move to monitoring existing projects during 23/24 rather than making new investment decisions. The exception is the Growing Places loan Fund whose scope is recommended revising as per the draft 23/24 business plan. In order to make best use of LEP Board members' time, streamline secretariat and in recognition of the above changes it is therefore recommended that

2. SIP and F&R are merged into one meeting. Revised terms of reference are attached - the new body (the Operations & Investment Committee) will remain under the Chair of David Bird

Governance Review

Notwithstanding the above, with the establishment of programme boards in 2022, the growing role of Local Skills Improvement Partnerships, continued requirement for Skills Advisory Panels, Somerset unitarisation, requirement to achieve 50/50 gender balance, emergence of Great SW, channelling of future capital funds through local authorities etc there are other multiple changes that affect the LEP's governance structures. It is therefore recommended

3. That the Board appoint a Director to lead a governance review to consider revised Somerset representation on the Board and the composition, role and responsibilities of Board sub-groups. The review would report back to the April LEP Board though consideration needs to be given to some local authority Board members being unable to attend in April due to the pre-election period
4. Terms of reference for the review to be developed through the LEP management team and F&R, including consideration of April pre-election period

¹ [National local growth assurance framework \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

² [HotSW-Assurance-Framework-Aug-22.pdf \(heartofswlep.co.uk\)](#)

³ [HotSW-LEP-Articles-of-Association-8-April-2022.pdf \(heartofswlep.co.uk\)](#)

Changes to Articles re Independent Directors' (private sector) term

Currently the Articles state that independent directors may serve a maximum of 6 years. However Board members have agreed to consider annual extensions beyond this, recognising the difficulty in recruiting new independent Directors with on-going uncertainty over the timescale of LEP integration and a General Election before January 2025. Neither the NGLAF or LAF put any limit on the term of private sector Directors. It is therefore recommended that

5. The Board recommends Members hold a meeting before 1st June to agree amendment of the Articles to allow Independent Directors' terms to be extended. The amendment would be similar to that agreed for the HE Directors in 2022 (Art 23.6) and F&R noted that a maximum term of 9 years is common for non-exec positions. The 2022 HE amendment stated:

"... the Directors shall have the discretion to reappoint as an HE Director any person who holds office as a result of an appointment as an HE Director by the Higher Education Sector Organisations and who has already served at least one period in office of three years, for such period as the Directors shall specify in writing at the time of such reappointment (being one or more periods of up to three years). The Directors may remove an HE Director so reappointed by giving no less than 20 business days' notice in writing to the Higher Education Sector Organisations, the relevant HE Director and the Company"