



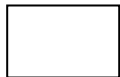
Report of the Assistant Chief Executive (Planning, Policy and Improvement)

Corporate Governance and Audit Committee

Date: 12th May 2010

Subject: Leeds City Region Emerging Governance Structures

Electoral Wards Affected:



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Introduction

- 1.1 Leeds City Region (LCR) signed its Forerunner agreement in November 2009. The detail of the agreement had been negotiated with Government throughout 2009 and will bring a range of freedoms and flexibilities to the City Region.
- 1.2 As previously reported, the agreement to take on greater devolved powers was likely to require certain elements of the existing City Region governance to be reviewed and amended in order that Government can be satisfied that decisions made by the City Region are appropriately taken, transparent and accountable.
- 1.3 Two areas of work have been reported previously to this Committee and both have made significant recent progress. These are the establishment of the Leeds City Region Employment and Skills Board (ESB) and the Leeds City Region HCA (Homes and Communities Agency) Board.
- 1.4 At its meeting held on 10 February 2010, the Corporate Governance and Audit Committee resolved that a further report should be submitted to the Committee in May to address the extent to which the LCR and emerging structures have taken account of governance themes contained within the Leeds Partnership Governance Framework This report sets out progress relative to this resolution.

2.0 Purpose of the report

- 2.1 This report provides an update on progress in establishing two new Boards and the functions that they will be undertaking. These Boards form part of the LCR and its emerging sub-structures
- 2.2 It also sets out the extent to which they have taken account of the governance themes contained within the Leeds Partnership Governance Framework.

3.0 **Leeds City Region HCA Board**

3.1 As previously reported the primary purpose of the Leeds City Region HCA Board is:

- to work collaboratively with the HCA and other relevant bodies;
- to oversee HCA investment across the City Region, particularly in relation to the next comprehensive spending review period;
- to oversee delivery of key strategic projects in the City Region; and
- to provide a mechanism for the voluntary alignment of other related public sector resources.

3.2 A new governance model similar to the London Housing Board has been established. Within a new model of devolution from central government to localities, responsibility for determining and managing HCA investments is delegated by the national HCA Board to the new LCR HCA Board. In relationship terms, the LCR HCA Board is a committee of the national HCA Board. It is governed its terms of reference (attached at appendix A) agreed by the national HCA Board and the LCR Leaders Board. Membership has been endorsed by the Secretary of State for Communities and Local Government as part of the LCR Forerunner agreement. This is set out below:

- Chair □ Chair of the existing LCR Housing Panel (currently Leader of City of York Council)
- Vice Chair □ a Board Member of the HCA (Shaukat Moledina)
- HCA □ The Regional Director or nominee (David Curtis)
- 3x City Region Local Authorities - nominated by the Leaders Board to be elected Members from Kirklees (Cllr Khan, Leader), Harrogate (Cllr Butterfield, Housing Portfolio Holder); and Leeds (Cllr Andrew Carter, Joint Leader)
- Yorkshire Forward - one senior representative (Jan Anderson)

3.3 The Joint Board met for the first time on April 19th 2010 and agreed:

- terms of reference;
- an investment agreement for 2010□2011;
- an interim investment plan for 2010□2014; and
- further economic assessment and appraisal work to inform future investment decisions

The terms of reference is attached at Appendix A and the investment agreement and investment plan are both available via the Leeds City Region website (www.leedscityregion.gov.uk).

3.4 **Process for establishing the LCR HCA Board**

- **Nolan principles**
The four Board members from local authorities representing the city region partnership were selected by the City Region Leaders Board at a previous meeting. The Leaders Board meets in public and papers and minutes are publicly available. The membership of the Board has been endorsed by the Secretary of State for Communities and Local Government as part of the agreement described in paragraph 3.2 above.

- **Agenda and minutes**
Minutes and agendas of LCR HCA Board meetings are to be published on the Leeds City Region website and are included in Leaders Board papers which are also placed within the public domain.
- **Declaration and registration of interests**
The normal declaration and register of interests applied to local authorities and other public bodies will apply to the LCR HCA Board.
- **Audit arrangements**
As a Committee of the national HCA Board, the LCR HCA Board will be subject to the HCA auditing arrangements.
- **Website access**
There is an open housing and regeneration section on the Leeds City Region website, and minutes of the LCR HCA Board meetings will be publicly available on the website.
- **Code of Conduct for non elected Members**
The LCR HCA Board Terms of Reference and operating principles are set out in Appendix A. As a Committee of the national HCA Board, the non elected members of the Joint Board are subject to HCA's Code of Practice which is set out in Appendix B.

3.5 **Leeds City Region Employment and Skills Board (ESB)**

- 3.6 Leeds City Region ESB will be responsible for developing a skills and employment strategy for the City Region, which will underpin any statutory strategy setting (so-called "Section 4") powers in respect of adult skills funding. It is anticipated that the Board will use the strategy and the Section 4 powers to influence how the "100 million adult skills budget for the city region is prioritised.
- 3.7 The City Region partnership has been working within Government issued guidance setting out the criteria for designating ESBs as strategy-setting bodies. The Board will be externally assessed by the UK Commission for Employment and Skills (UKCES) to ensure it meets the criteria within the draft assessment process for city region ESBs. The UKCES will also be responsible for recommending to the Secretary of State the readiness of the City Region ESB to take on the powers outlined above.
- 3.8 The City Region secretariat met with a representative of UKCES in January and based on upon these early discussions, it is envisaged that the UKCES assessment could take place following the first meeting of the full ESB (23 April 2010).
- 3.9 The ESB is now (largely) recruited to and - in line with Government recommendations - has representation from private sector employers; place leaders; public sector employers and commissioners. The intent is to establish the ESB to promote the "demand" side of the skills agenda, hence its prevalence towards employer-led representation

The City Region ESB currently consists of:

- Ten private sector employers to ensure coverage of the key economic sectors driving growth in the City Region. Eight employers have been appointed:

- John Anderson, Regional Director, BT (Chair)
- Mark McDavid, MD Hallmark Cards plc
- Stephen Kennedy, MD CPP plc
- Jill Ezard, Director, Pace plc
- Amjad Pervez, MD, Seafresh
- John Horvath, Director, Cedar Court Hotels
- Gale Campbell, Director, LCP Europe
- Kevin O'Connor, Managing Partner, Baker Tilly

Two places are still to be filled to cover one public sector employer and one further business representative.

- Local authority representatives – as representatives of Place and as key City Region employers:
 - Cllr Kris Hopkins, Bradford Council
 - Cllr Stephen Baines, Calderdale Council
 - Cllr Chris Metcalfe, North Yorkshire County Council
 - Phil Coppard, Barnsley Council
 - Rob Vincent, Kirklees Council
- Commissioning agencies
 - David Hodges, Skills Funding Agency
 - Ian Hunter, Jobcentre Plus
 - Thea Stein, Yorkshire Forward

Other, non-executive, partners (such as the Young People's Learning Agency) will be co-opted to attend ESB meetings when the agenda is relevant.

3.10 The ESB met for the first time on 23rd April 2010 April and agreed:

- terms of reference and governance; and
- process for recruiting additional ESB members

And discussed:

- the development of the employment and skills strategy;
- assessment for Section 4 powers; and
- partner engagement

The terms of reference and Governance for the ESB are attached at Appendix C. Further information on the work of the Board can be found on the Leeds City Region website (www.leedscityregion.gov.uk)

3.11 **Process for establishing the Employment and Skills Board (ESB)**

The principles of transparency and accountability have been built into the early phases of development of the ESB as follows:

- **Nolan principles**
The employer members of the ESB have been recruited via an open and transparent process, with cvs and interviews held with an appointments panel, supported by Odgers Berndtson executive search consultants.

- **Agenda and minutes**
Minutes and agendas of ESB meetings are to be published on the Leeds City Region website and are included in Leaders' Board papers which are also placed within the public domain.
- **Declaration and registration of interests**
Employer applicants to join the ESB were asked to declare any interests as part of the recruitment process. Declarations of interest form a standing item at each ESB meeting.
- **Audit arrangements**
The Leeds City Region Partnership is serviced by Leeds City Council and therefore subject to its internal audit processes. The accounts are then subject to external audit and are published on the Leeds City Region website, following the Annual General Meeting.
- **Website access**
There is an open skills section on the Leeds City Region website which provides updates on key developments.
- **Code of Conduct for non elected Members**
The ESB terms of reference and operating principles (see appendix C) set out the expected conduct of ESB members.

4.0 Interface between Leeds City Council and the Partnership Boards

- 4.1 Further reports will be presented to report progress being made to address the committee's other resolution set out in paragraph 93 of the minutes of the meeting held on 10 February 2010 - note that further reports will be provided on the required interface to ensure that the Council is in a position to engage with and influence the decisions taken by the proposed governance arrangements. Significant progress is now being made in this regard and it is suggested that a report on this be brought to the next meeting of the Corporate Governance and Audit Committee.

5.0 Recommendations

- 7.1 The Corporate Governance and Audit Committee is requested to:
- Note the progress on establishing decision making arrangement being developed at the Leeds City Region level for skills and housing.
 - Comment on the approach taken to establishing the two new Boards.
 - Note that further reports will be provided on the resolution set out in paragraph 4.1 above.

Attached:

Appendix A: LCR HCA Board Terms of Reference

Appendix B: HCA Code of Practice for Board Members

Appendix C: Employment and Skills Board Terms of Reference

Appendix A: LCR HCA Board Terms of Reference

LEEDS CITY REGION HCA BOARD □ Terms of Reference

1 Constitution and Membership

- 1.1 The Leeds City Region HCA Housing □ Regeneration Board [herein after referred to as the Leeds City Region HCA Board] shall be established by the HCA, in liaison with the Leeds City Region Leaders Board, and shall comprise the following members:

Chair □ A local authority Leader from Leeds City Region

Vice Chair □ a Board Member of the HCA

HCA □ the Regional Director or his nominee

LCR Local Authorities □ 3 Members nominated by the Leeds City Region Leaders Board

RDA □ one senior representative of Yorkshire Forward

- 1.2 The City Region Lead local authority Chief Executive for Housing and Regeneration and the associated City Region Secretariat lead officer shall attend, but not be members of, the Leeds City Region HCA Board.
- 1.3 Nominated representatives of CLG and the Government Office may attend as observers.
- 1.4 The HCA Board may, on the advice of the Chair and Vice Chair of the Leeds City Region HCA Board, appoint independent members, in an advisory capacity.
- 1.5 Appointment of non-HCA members to the Leeds City Region HCA Board is subject to the approval of the Secretary of State.
- 1.6 HCA Board Standing Order 13 (Standing Orders to Apply to Committees) shall apply to the Leeds City Region HCA Board, with the exception of arrangements for voting and quorum, which are set out in these terms of reference. A summary of all applicable Standing Orders is available separately for persons appointed.

2 Functions and Responsibilities

- 2.1 The Leeds City Region HCA Board will oversee the delivery of agreed city region strategic projects and programmes, determined through the City Region HCA Single Conversation and set out in the Housing and Regeneration Investment Plan and other associated strategies, having regard to relevant national policies and directives. It will oversee and direct the distribution of HCA investments across the city region, within the scheme of delegation set by the HCA Board.
- 2.2 The Leeds City Region HCA Board shall have the same delegated authority to approve proposals for housing and regeneration schemes in Leeds City Region as are given to the Investment Committee for proposals for the rest of England, except that,
- (a) nationwide programmes shall be considered by the Investment Committee but the Leeds City Region HCA Board will be consulted on, and may consider and make recommendations on the implications for the City Region of national policies and investment proposals, as appropriate.

- (b) where there are cross-boundary proposals these may be considered by both the Investment Committee and the Leeds City Region HCA Board in parallel, and in liaison with appropriate sub-regional bodies, and subsequently will be considered by the HCA Board if appropriate.

2.3 In particular, the Leeds City Region HCA Board shall:

- (a) provide advice to the HCA Board and City Region Leaders Board on levels of housing and regeneration investment needed to deliver strategic priorities in the city region;
- (b) prepare, monitor and review the City Region Housing Investment Plan, providing advice to the City Region Leaders Board and the HCA Board on city region housing and regeneration policy and investment priorities;
- (c) provide an input into the preparation, monitoring and review of the City Region Housing and Regeneration Strategy and Investment Framework;
- (d) oversee the distribution of HCA investments across the city region;
- (e) prepare the City Region Investment Plan setting out the city region's programme for housing and regeneration, and oversee its delivery based on regular monitoring information and analysis;
- (f) consider and approve, or refuse, project and programme proposals for housing and regeneration in the city region, within the scope of delegation set by the HCA Board for the time being, subject to consideration of any advice from officials arising from full appraisal of proposals within the city region Partnership's HCA;
- (g) consider and, on approval, recommend to the HCA Board, programme and project proposals for housing and regeneration in the city region, where these are above the limits of delegation set by the HCA Board for the time being;
- (h) oversee the delivery of the HCA's programmes in Leeds City Region based on regular monitoring information;
- (i) provide a mechanism for voluntary alignment and co-ordination of the activities of public sector investors in housing and regeneration in the City Region;
- (j) liaise with relevant national, regional and local bodies and city region Panels or Boards as necessary
- (k) develop and agree appropriate delivery models for housing supply, improvement of existing stock and regeneration to meet housing requirements in the City Region.

3 Quorum

3.1 No business shall be transacted at a meeting of the Leeds City Region HCA Board unless at least four members are present including at least one Member of the HCA.

4 Voting

4.1 The Leeds City Region HCA Board shall operate on a consensus model, wherever possible without voting.

4.2 Where consensus is not achieved, a matter shall be carried by a majority of votes of the members present at the meeting, subject to 4.4 below.

- 4.3 In the case of an equality of votes, the Chair shall have a second or casting vote, subject to 4.4 below.
- 4.4 In exceptional circumstances, on any decision taken by the Leeds City Region HCA Board relating to HCA investments, the HCA representatives, or, in the absence of either, their nominee shall have the right to refer the decision to the HCA Board for determination. Where such a referral occurs the matter shall not be decided until it is determined by the HCA Board.
- 4.5 Where the Board seeks to recommend a course of action or decision on the voluntary alignment of other related public sector investments, decisions on such alignments would remain the responsibility of the respective funding body.

5 Other issues

- 5.1 The secretariat will be provided jointly by the city region secretariat and HCA.
- 5.2 The Board shall meet quarterly. Additional meetings may be called as necessary in accordance with Standing Order 5.1.

6 Amendment

- 6.1 Any of the above terms of reference may be altered and amended from time to time by express resolution of the HCA Board, in liaison with the City Region Leaders Board, of which notice shall have been given in the meeting notice at which they are proposed. Any such proposal shall be subject to consultation with the Leeds City Region HCA Board.

Homes and Communities Agency: Code of Practice for Board Members

- 1 This document sets out the Code of Practice for Members of the Homes and Community Agency (HCA).

Public service values

- 2 The HCA Board and its Members undertake at all times to:
- observe the highest standards of **impartiality, integrity and objectivity** in relation to the stewardship of public funds and management of the HCA;
 - be **accountable** to Parliament, individual citizens and the Department of Communities and Local Government (CLG) for the activities of the HCA; its stewardship of public funds and the extent to which key performance targets and objectives have been met;
 - maximise **value for money** through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable.
 - In accordance with Government policy on **openness**, comply fully with the principles of the Code of Practice on Access to Government Information and the Freedom of Information Act;

Standards in public life

- 3 All Members must:
- comply with this Code, and ensure they understand their duties, rights and responsibilities, and that they are familiar with the function and role of this body and any relevant statements of Government policy;
 - not misuse information gained in the course of their public service for personal gain or for political purpose, nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations; and to declare publicly any private interests which may be perceived to conflict with their public duties;
 - ensure that they comply with the Board's rules on the acceptance of gifts and hospitality.
- 4 Members should also have regard to the seven principles of public life which are listed at Annex 1.

Relationship with the sponsor department

5 Relationships with the sponsoring Government Department (CLG) are governed by the Framework Document. Copies are available on request. The Board has corporate responsibility for ensuring that the HCA fulfils the overall aims and objectives set by the Secretary of State and for complying with any statutory or administrative requirements for the use for public funds. To this end, the Board shall:

- ensure that the HCA's affairs are conducted with probity, and that high standards of corporate governance are observed at all times;
- establish the overall strategic direction of the HCA within the policy and resources framework agreed with CLG, ensuring that the HCA's policies and strategies are consistent with CLG's;
- ensure that the Board operates within the limits of its statutory authority and any delegated authority agreed with CLG;
- ensure that, in reaching decisions, the Board takes into account guidance and directions issued by Ministers;
- ensure that the Board receives and reviews regular financial and non-financial information concerning the management of the HCA; is informed in a timely manner about any concerns about the activities of the HCA; provides positive assurance to CLG that appropriate action has been taken on such concerns; and ensures that CLG are made aware of any changes which might impact on the strategic direction or attainability of targets; and to determine the steps needed to deal with such changes;
- ensure that the Board manages HCA's estate sustainably in line with the Government's Framework for Sustainable Development on the Government Estate.
- appoint, with the Secretary of State's approval, the HCA's subsequent Chief Executives; with the Chairman, set performance objectives for the Chief Executive which give due weight to the proper management and use of public monies and remuneration terms linked to those objectives. The Board may delegate this task to the Remuneration Committee.

The role of the Chairman

6 The Chairman is appointed by the Secretary of State and has particular responsibility for providing effective strategic leadership on matters such as:

- formulating the Board's strategy for discharging the HCA's policies and statutory duties and presenting it to CLG's accounting officer, Board and Ministers;
- encouraging high standards of propriety and promoting the efficient and effective use of staff and resources;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by CLG and the Secretary of State

- representing the views of the Board to the general public;
- providing an annual assessment of performance of individual Board members necessary for them to be considered for re-appointment to the Board;
- ensuring that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and their duties, rights and responsibilities and receive appropriate induction training; and, when Board vacancies arise, advising the Secretary of State of the needs of the HCA with a view to ensuring a proper balance of professional and financial expertise;
- ensuring that a Code of Practice for Board Members is in place, based on the model "Guidance on Codes of Practice for Board Members of Public Bodies" produced by the Cabinet Office;
- ensuring that a comprehensive and publicly available register of Board Members' interests is in place and an annual return completed by each Board member.

7 The Chairman should ensure that the Board meets at regular intervals throughout the year and that the minutes of meetings accurately reflect the decisions taken and, where appropriate, the views of individual Members.

8 Communications between the Board and the Secretary of State will normally be through the Chairman except where the Board has agreed that an individual member should act on its behalf. Nevertheless, an individual Member has the right of access to Ministers on any other matter which he or she believes raises important issues relating to his or her duties as a member of the Board. In such cases the agreement of the rest of the Board will normally be sought.

9 The main point of contact between the HCA and CLG on day-to-day matters will normally be the Chief Executive and other members of staff who are so authorised.

Corporate responsibilities of Members

10 The Board is responsible for ensuring that HCA does not exceed its powers or functions, whether defined in statute or otherwise, including any limitations on its authority to incur expenditure. The Chief Executive should alert the Board to such matters.

11 Members' responsibilities include:

- ensuring that HCA complies with all relevant statutory or administrative requirements for the use of public funds;
- ensuring that high standards of corporate governance are observed at all times;
- establishing the overall strategic direction of the organisation within the policy and resources framework agreed with the Secretary of State and publishing a Corporate Plan which outlines how HCA will meet its duties;

- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets set out in the Corporate Plan;
- ensuring that the Board operates within the limits of its statutory authority - within the limits of the Board's delegated authority agreed with the CLG and in accordance with the Financial Memorandum;
- ensuring that, in reaching decisions, the Board has taken into account guidance issued by CLG including the Framework Document;
- monitoring and reviewing the risk management and internal control strategy;
- promoting equality and diversity throughout HCA;
- promoting learning and development throughout HCA;
- ensuring that a whistle blowing policy is in place;
- ensuring that HCA operates sound environmental policies for example obtaining the environment ISO 14001.

- 12 The Board must ensure that the Annual Review and Accounts include a full description of Board activities; state the extent to which key strategic objectives and agreed financial and other service standards have been met; list the names of current Board members and their term of office and the names of senior staff and remuneration. Details of how to access the Members Register of Interests should also be included.

Responsibilities of individual Members

- 13 Responsibilities of individual Members include the duty to comply at all times with this Code of Best Practice (or any agreed modification of it) and with rules relating to the use of public funds; and to act in good faith and in the best interests of the HCA. Members must not use information gained in the course of their public service to promote their private interests.
- 14 Members have a responsibility to prepare for meetings and attend meetings and away days. Apologies should be given prior to the start of the meeting. After three missed meetings the Chairman will be informed.
- 15 In their capacity as Members of the HCA, Members must not accept cash or personal gifts with a significant monetary value under any circumstances, nor must they solicit personal gifts under any circumstances. Similarly, Members should never solicit or accept an offer of lavish hospitality, nor any hospitality which could be interpreted as a means of exerting an improper influence over the way in which they carry out their duties. The timing of hospitality in relation to sensitive matters should also be a crucial consideration in accepting or offering hospitality. All Members are required to submit quarterly a list of all gifts and hospitality received. This information will be collated and held in the HCA's Gifts and Hospitality Register.
- 16 At the end of their term of office, Members must return to the HCA all HCA property in their possession. They should continue to treat as confidential the information they learned during their time as Members.

Strategic planning and control

- 17 One of the main tasks of the Board will be oversight of the production of a Corporate Plan. The process of preparing such a document provides an opportunity for agreeing, with the responsible Minister, or officials on his or her behalf, the policy and resources framework within which the HCA will discharge its duties; and for determining its key strategic objectives and targets. Such targets should normally cover areas such as the HCA's financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides.

Delegation

- 18 Members serve on a part-time basis. To the extent permitted by legislation and other provisions, responsibility for day-to-day management matters should be delegated to staff so far as is practicable, with a clearly understood framework of strategic control.
- 19 The Board may decide to delegate responsibility for specified matters to individual Members or committees of the Board. Decisions taken by individual Members or committees of the Board under delegated powers should be recorded in written minutes available to the Board as a whole.
- 20 The Board will establish a management scheme of internal guidance covering those matters delegated to individual Members, committees or staff and those reserved for decision by the Board.

Handling conflicts of interests

- 21 The Chairman and other Members should declare any personal or business interests which may conflict with their responsibilities as Members.
- 22 Members are required to ensure that their interests are recorded in the HCA's Register of Interests and that the Register is updated as these changes occur.
- 23 The Register shall list all direct or indirect pecuniary interests of Members which members of the public might reasonably think could influence the Member's judgement; non-pecuniary interests of Members where these have a direct bearing on the business of the HCA; and interests of close family members and of persons living in the same household, where the Member is aware of these.
- 24 Members should also declare any shareholdings that are significant or relevant to the work of the HCA, either in terms of volume, value or the nature and dealings of the business, if the said shareholdings represent 3% or more of the share capital of the company concerned.
- 25 The Register of Member's Interests is open for public inspection, including on the HCA website.
- 26 In Board and Committee meetings, Members must ensure that any interests they may have in a matter due for discussion at the meeting are declared as

soon as practicable after the beginning of a meeting and minuted as appropriate. It is at the discretion of the Chairman whether the individual Member should withdraw from the meeting during discussions of matters in which they have registered an interest. However Members must not participate in discussion or determination of matters in which they have a direct pecuniary interest.

- 27 When an interest is not of a direct pecuniary kind, Members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that Members might unfairly regard with favour or disfavour, the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, Members should assess whether they, a close family member, a person living in the same household, or a firm, business or organisation with which the Member is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a Member was connected was significantly better placed than others to win it.
- 28 Beyond this level, Members should consider whether they need to disclose relevant non-pecuniary interests or interests of other family members where members of the public might reasonably consider that these could influence the Member's judgement or where participation in the discussion or determination of a matter would suggest a real danger of bias.
- 29 Because the HCA is required to follow generally accepted accounting practice, Board Members must facilitate compliance with the need under Financial Reporting Standards for material transactions with related parties to be disclosed in financial statements. "Related parties" include close members of the family of an individual, who are defined for the purposes of the standard as those family members, or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity .

Personal Liability of Board Members

- 30 Although any legal proceedings initiated by a third party are likely to be brought against the Board, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the Chairman or other individual Members. For example, a Member may be personally liable if he or she makes a fraudulent or negligent statement which results in loss to a third party. Members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.
- 31 However, as stated in Members terms and conditions of appointment, if legal proceedings are brought against any HCA Member by a third party, the Department will meet any civil liability which is incurred in the execution of their functions, unless they acted recklessly and provided that they have acted honestly and in good faith.
- 32 Members who need further advice should consult the Board's legal advisers.

The Board as Employer

- 33 The Board shall ensure that:
- it complies with all relevant employment legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of staff employed by public bodies
 - all staff are familiar with the HCA's corporate strategy, including its main aims and objectives, and the internal management and control systems which relate to their work
 - HCA's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff, and that the rules of conduct for its employees reflect the public service values set out in this code and management practices which will use resources in the most efficient and economical manner.
 - In filling senior staff appointments, an adequate field of qualified candidates is considered, and normally operates full open competition for recruitment of external candidates
 - its Members, and HCA's staff, have access to expert advice and suitable training opportunities which they may require in order to exercise their responsibilities effectively
 - HCA's management practices use resources in the most economical, efficient and effective manner.
- 34 The Board shall adopt a Code of Conduct for its staff in accordance with current guidance issued by the Cabinet Office for executive NDPBs, which has been agreed with CLG.
- 35 The Board shall monitor the performance of the Chief Executive and senior staff. Where the terms and conditions of employment of the Chief Executive and other members of staff include an entitlement to be considered for performance-related pay, these will be assessed by the Remuneration Committee on the basis of the necessary information and advice.

Annual Report and Accounts

- 36 As part of its responsibilities for the stewardship of public funds, the Board must ensure that it includes a full statement of the use of such resources in its Annual Report and Accounts. Such accounts should be prepared in accordance with the Accounts Direction issued by the responsible Minister and such other guidance as may be issued, from time to time, by the sponsor department and the Treasury.
- 37 The Annual Report and Accounts should provide a full description of the Board's activities; state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of the current Members and senior staff; and provide details of remuneration of Members and senior staff in accordance with Treasury guidance. The Annual Report should contain information on access to Registers of Interests in accordance with paragraph 25 above.

Elections and Referendums

- 38 Prior to any UK local or national election or referendum certain restrictions will apply to Members' activities for the 21 or 28-day period ending with the date of the poll. The restrictions, under the Political Parties, Elections and Referendums Act 2000, are that:
- For local elections, Members are prohibited from publishing material that would impact on any local issues raised.
 - For General Elections, Members are prohibited from publishing any material that would impact on any of the issues raised.
 - For referendums, Members are prohibited from publishing material which deals with any of the issues raised by the question posed in a referendum
- 39 Members may only participate in a referendum campaign – whether for a “Yes” or “No” vote – in their capacity as private citizens. All Members should avoid engaging in specific election activities on matters directly affecting the work of the HCA.

ANNEX 1: THE SEVEN PRINCIPLES OF PUBLIC LIFE

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix C

Leeds City Region Employment and Skills Board Terms of Reference

Statement of purpose

To bring together employers of key sectors, along with Local Authorities and commissioners of employment and skills provision, to give collective local leadership to setting the strategic priorities for public sector investment in adult skills and employability programmes that drive the economic growth of the City Region and raises the demand for skills.

The Employment and Skills Board will seek to act as the designated body to set strategy for skills in Leeds City Region as per Section 24 (A) of the Learning and Skills Act 2000, with the addition of devolved commissioning responsibilities as set out in "Raising Expectations and Increasing Support: Reforming Welfare for the Future" (White Paper, Department for Work and Pensions, 2008). It will seek to influence and ensure coherence with 14-19 strategies and policies.

Remit and responsibilities

The Employment and Skills Board will:

- Promote a shared understanding of skills and employment demand in the City Region economy, now and in the future, the related challenges and opportunities, and share this with partners as appropriate.
- Formulate, publish and programme manage an overarching Strategy for employment and adult skills in the City Region, which is co-produced by employers, adds value to local work and skills plans and Employment and Skills Boards and is aligned with the proposed Regional Skills Strategy and Integrated Regional Strategy.
- Set priorities for employment and skills provision which respond to existing and future needs of the Leeds City Region economy and City Region work streams.
- Inform the development of priorities for other work streams of the City Region, including Transport, Innovation and Housing.
- Provide challenge and transparency to the commissioning of skills and employability programmes in the City Region.
- Seek to influence and ensure coherence with 14-19 strategies and policies for the future workforce needs of the City Region.
- Review the Employment and Skills Strategy and publish an Annual Report setting out distance travelled and the future challenges and opportunities for the Board.
- ensure the widest possible consultation with employers across the City Region and promote best practice in recruitment, retention and staff development.
- Make recommendations to the City Region Leaders Board, the Regional Minister, the appropriate Secretaries of State, Yorkshire Forward the Regional Development Agency, the Skills Funding Agency, Jobcentre Plus and other relevant bodies and organisations on issues related to its responsibilities.

Key Outcomes

- Improved employment, skills, progression and productivity outcomes for the City Region.

Key Outputs

- Long range (5 year) Employment and Skills Strategy
- An Annual Report setting out progress on implementation

Performance framework

The ESB will consider appropriate measures for Performance Management, with any proposed framework having due regard to: Multi Area Agreement indicators; Local Area Agreement indicators and Regional targets (such as RES Regional Skills Strategy).

Leeds City Region Employment and Skills Board Operating Principles

Membership

Membership of the ESB shall have tripartite representation covering:

- 6-9 private sector employers to ensure coverage of the key economic sectors driving growth in the City Region and 1 non-LA public sector employer representative,
- 5 Local Authority Representatives as representatives of place and as key City Region employers;
- Non-voting commissioning partners, to consist of 1 representative each from the Skills Funding Agency, Jobcentre Plus, Yorkshire Forward.

The ESB retains the right to co-opt other non-voting partners (such as Young People's Learning Agency) to the Board when the agenda is relevant.

Membership will be of senior level (Chief Executive, Leader or Senior Management level) with executive decision making responsibility and the ability to represent their geographic area and/or sector.

Membership of the Board will be for three years, reviewed annually.

All members of the ESB will be expected to adhere to the codes of conduct identified by the seven principles of standards in public life established by the Nolan Committee.
(<http://www.archive.official-documents.co.uk/document/parlament/nolan/seven.htm>)

Chair/Deputy Chair

The Employment and Skills Board will be chaired by a publicly recruited employer. Details of this process will be publicised via the city region website. The Chair of the ESB will be appointed for a period of up to three years, subject to formal review after two years.

The nomination to Chair will require endorsement from the City Region Leaders Board.

The Deputy Chair will be selected by the ESB through a nomination and voting process.

Changes to Structure

The ESB may identify the need to develop relevant task and finish groups to pursue specific issues. These task groups will report directly to the ESB and be chaired by an identified member of the ESB.

The Board must agree all changes to its structure, although the Chair is delegated to make temporary changes if deemed necessary.

All membership changes must meet with the criteria set out in the Membership section.

Resignations

Any member that resigns their seat on the Board will be replaced by an equivalent (i.e. an employer who resigns would be replaced by an employer) through an appropriate process.

Individuals who no longer meet the basic eligibility requirements of their position will be expected to resign from the Board.

Meetings

The Board will formally convene four times a year. Special meetings may be called with the agreement of the Chair. Where possible, members should be given a minimum of seven days notice.

Meetings will have an emphasis on open and constructive debate. Members are encouraged to contribute their views and will be given a reasonable opportunity to be heard. All comments should relate to issues and not to individuals.

Meetings will be closed to the press and public (to allow full and open debate between partners), however the Chair may invite observers to attend if appropriate.

The Chair conducts all meetings, or if they are absent the Deputy Chair does this. If neither the Chair nor Deputy Chair is present then the members will agree a Chair for that meeting.

Papers will be circulated to members not less than five working days before the publicised date of the meeting. Minutes will be uploaded to the Leeds City Region website no less than one month after the publicised date of the meeting.

Standing agenda items for meetings will include a declaration of interest for members. Any member declaring an interest in an agenda item will be expected to leave the meeting for the duration of that item.

Any declaration of interest will be recorded in the minutes of the meeting.

Attendance

Members are encouraged to attend each meeting. A schedule of meetings will be issued yearly.

If a member is unable to attend a meeting they are encouraged to send a named alternative or to submit their views to be tabled. Provision will be made to appoint named alternates with appropriate executive decision making authority.

If a member has a continued reason for absence for 2 or more meetings then (with the prior agreement of the Chair) a designated 'interim replacement' can be appointed.

If a member does not attend for three meetings in a row then the Chair can review the situation. This could result in the Chair inviting the nominating body to consider whether its representative should be changed.

Ad-hoc substitutions will not normally be accepted at the Board. The Chair may permit it, in the interests of inclusivity, should a matter of major strategic importance to the Board be on the agenda.

Voting and Quorum

Collegiate decision making will be encouraged as the norm. Where a specific issue requires a vote, the Chair shall not be entitled to a second or casting vote and any tied resolution will

therefore, be deemed to be defeated. The resolution however, may be deferred for further discussion at another meeting.

Voting is conducted by a show of hands by eligible members - and a simple majority carries the vote. Any member who has declared an interest in an item will not be eligible to vote.

There is no right of veto by any partner and once a decision is made then all members shall be bound by it.

The quorum for meetings should be at least comprised of 50% of the public sector and 50% of private sector members (or their named alternates).

If a meeting is not quoratethen members may continue to discuss items but cannot take decisions (unless there is an urgent matter which can then be covered by the urgent decisions arrangement outlined below).

Members of the Employment and Skills Board who declare an interest and/or leave a meeting shall not form part of the quorum.

Urgent decisions

If an urgent decision is required which cannot wait until the next meeting then a written resolution will be circulated to all board members or a special meeting may be convened.

If neither of the above are practical then the Chair may take a decision in discussion and agreement with the Deputy Chair and at least one other board member. The decision must be reported at the next scheduled meeting.

Local accountability lines

The ESB will be the designated holder of devolved Section 4powers, a service level agreement with Jobcentre Plus and be responsible for developing and delivering an employment and skills strategy for the city region.

The Leaders Board will endorse the Employment and Skills Strategy.

The ESB will be responsible for developing and maintaining strong links to local and regional scrutiny arrangements to ensure transparency, alignment and value added.

Board review

Membership of the Board will be for up to three years, with a light touchreview conducted annually by the chair, at least two other members of the Board and the secretariat. Board members may choose to remain on the board or step down at this stage.

This will also be used to review the structure and functions of the Board to ensure that it remains fit for purpose.

Support and secretariat arrangements

Arrangements will be established within the LCR secretariat to support the Employment and Skills Board and the overall City Region Employment and Skills agenda and to ensure linkages to City Region governance arrangements, for example: Leaders Board; Chief Executives; Business Leadership Group; and the Thematic Panels.

A support group of city region officers will provide policy support to the Board and promote links with local and regional arrangements.

Any task and finish groups established to progress individual technical work streams (such as performance management or funding) or support the strategic focus of the ESB, will be supported by the Secretariat.