



GOVERNANCE FRAMEWORK

REVISED

AWAITING FORMAL MEMBER APPROVAL

MEMBERS' AGREEMENT EXTRACT

BOARD PROFILES

MATTERS RESERVED

COMMITTEE TERMS OF REFERENCE

LETTERS OF APPOINTMENT

SCHEME OF DELEGATION

CONFLICTS OF INTEREST POLICY

September 2018

A.	CHAIR'S INTRODUCTION.....	3
B.	LLP MEMBERS' AGREEMENT.....	4
C.	BOARD ROLE PROFILES.....	5
C(1)	CHAIR.....	5
C(2)	CHIEF EXECUTIVE.....	7
C(3)	DEPUTY CHAIR.....	9
C(4)	SENIOR INDEPENDENT NON-EXECUTIVE BOARD MEMBER	10
C(5)	INDEPENDENT NON-EXECUTIVE BOARD MEMBERS	11
C(6)	CORPORATE SECRETARY	12
D.	MATTERS RESERVED FOR DECISION BY THE BOARD	14
E.	TERMS OF REFERENCE.....	17
E(1)	TERMS OF REFERENCE: AUDIT COMMITTEE	17
E(2)	TERMS OF REFERENCE: EXECUTIVE REMUNERATION AND NOMINATIONS COMMITTEE.....	24
E(3)	TERMS OF REFERENCE: REMUNERATION OF NON-EXECUTIVE BOARD MEMBERS	29
E(4)	TERMS OF REFERENCE: ADVISORY COUNCIL	30
F.	LETTERS OF APPOINTMENT	32
F(1)	LETTER OF APPOINTMENT: CHAIR.....	32
F(2)	LETTER OF APPOINTMENT: [INDEPENDENT] NON-EXECUTIVE BOARD MEMBER	36
G	POWERS DELEGATED TO THE CHIEF EXECUTIVE	40
H	CONFLICTS OF INTEREST POLICY	42

A. CHAIR'S INTRODUCTION

My key accountability as Chair is to ensure that the Board of Local Partnerships LLP achieves its full potential, with a balance of membership, a culture of integrity and respect and a collegiate atmosphere with high level debate. This includes development of strategy, effective risk management, communications with stakeholders and a clear focus on the management of performance.

As the vehicle for a joint venture between HM Treasury, the Local Government Association and the Welsh Government (WG), Local Partnerships LLP operates in accordance with the LLP Members' Agreement signed by the Members on 1 July 2009, amended and restated on 27th July 2010, and further amended and restated on 14th October 2013 and further amended and restated on 8th January 2018. Provisions from the LLP Members' Agreement are, where necessary, reproduced in this document.

The LLP Members' Agreement sets out the purpose of Local Partnerships LLP, which is "to be the expert delivery partner for local authorities and local public service delivery partners, supporting and accelerating the delivery of major infrastructure renewal, high quality public services and the efficient use of public assets in local communities through better and stronger partnerships".

This document is subject to the provisions of the LLP Members' Agreement and sets out how Local Partnerships LLP is governed, the role profiles of members of the LLP Board, matters reserved to the Board, terms of reference of committees that support the Board in achieving its governance accountabilities and other relevant documents. It is intended to serve as reference document for members of the Board, members of staff, our shareholders and other interested parties on the mutual responsibilities and accountabilities in respect of our corporate governance.

The provisions of this Governance Framework in large part reflect the UK Corporate Governance Code (formerly known as the Combined Code). Departures from the UK Corporate Governance Code have been made to the extent that the Board considers it necessary or appropriate. Departures principally reflect provisions in the LLP Members' Agreement that either require unanimity between the Members on certain matters or reserve powers to individual Members.

This Governance Framework has been endorsed by the Board.

Sir David Wootton

Chair

26th September 2018

B. LLP MEMBERS' AGREEMENT

Governance of Local Partnerships LLP is subject to the provisions of the LLP Members' Agreement. In the event of any conflict between the provisions of this Governance Framework and the provisions of the LLP Members' agreement, the provisions of the LLP Members' agreement shall prevail.

It should be noted that, under Clause 9 of the LLP Members' Agreement, there are several different kinds of LLP Board Member. In this document, these different kinds of Board Member are referred to as follows:

- There shall be a minimum number of nine and no more than fourteen members of the LLP Board (the "**LLP Board Members**") which shall comprise:
- A minimum of 1 and up to four LLP Board Members appointed by HMT (the "**HMT LLP Board Members**"), a minimum of 1 and up to four LLP Board Members appointed by the LGA (the "**LGA LLP Board Members**"), and one LLP Board Member appointed by the WG (the "**WG LLP Board Member**"). Each appointment shall be made by the relevant Member serving written notice on the LLP of such appointment and a Member may remove a LLP Board Member appointed by it by serving written notice on the LLP of such removal;
- An '**Executive Board Member**' means a Board Member appointed pursuant to Clause 9.2.2. There are two such Board Members.
- An '**Independent Non-Executive Board Member**' means a Board Member appointed pursuant to Clause 9.2.3. There are three such Board Members.
- A '**Non-Executive Board Member**' means any Board Member other than an Executive Board Member.

The appointment or removal of an Executive Board Member or of an Independent Non-Executive Board Member is a matter requiring the unanimous approval of the LLP Members, i.e. HMT, LGA and the WG, as is the appointment or removal of the Chair or the Chief Executive.

The LLP Members' Agreement provides in addition for the appointment of a Leadership Team (Officer Management Board) to support the Chief Executive (Clause 10) Determination of which employees of Local Partnerships LLP serve on its Leadership Team is a matter requiring the unanimous approval of the LLP Members.

Clause 12 of the LLP Members' Agreement contains a comprehensive listing of the matters that are reserved to the Members and require unanimous approval of the LLP Members. The governance processes that each LLP Member adopts to determine whether to give such approval are not described in this Governance Framework.

C. BOARD ROLE PROFILES

C(1) CHAIR

Role

The Chair is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is also responsible for ensuring that the Board Members receive accurate, timely and clear information. The Chair should ensure effective communication with the LLP Members and other stakeholders. The Chair should also facilitate the effective contribution of Non-Executive Board Members in particular and ensure constructive relations between Executive and Non-Executive Board Members.

Main responsibilities

- (i) Together with the Chief Executive, leading the LLP Board in developing the strategy of the business and ensuring that this is effectively implemented by the Chief Executive.
- (ii) Chairing and managing the business of the LLP Board ensuring Corporate Governance matters are fully addressed; providing clear direction and focus and ensuring that Board committees are properly structured and run.
- (iii) Developing a close and effective working relationship with the Chief Executive and being available on a flexible basis to provide advice and support on wide ranging issues.
- (iv) Acting as the interface between the Chief Executive and the Non-Executive Board Members to ensure that Non-Executive Board Members are fully briefed on issues arising at Board meetings and in general on business issues of significance.
- (v) Creating the dynamics for an effective Board and ensuring that all Board Members, both Executive and Non-Executive, work effectively and proactively when debating major strategic issues..
- (vi) Having principal responsibility for the overall performance of the Chief Executive.
- (vii) Taking responsibility for advising Members on the composition and replenishment of the Board, in particular, to ensure that its capability, including that of the Independent Non-Executive Board Members, is appropriate for business.
- (viii) Ensuring the Board reviews management development and succession plans and approves significant changes to the management or business structure. Ensuring that all directors receive induction on joining the Board and regularly update and refresh their skills and knowledge. The Chair should regularly review and agree with each director their training and development needs.
- (ix) Ensuring that the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.

- (xi) Holding meetings with the non-executive directors without the executives present.
- (xii) Creating a relationship which balances trust and independence between the Non-Executive Board Members and the Executive Board Members.
- (xiii) Establishing the values and standards of the Board and ensuring that it operates with the highest integrity.
- (xiv) Acting as the custodian of best practice on corporate governance including transparent internal reporting and control, risk management and remuneration structures.
- (xv) Leading relations with key stakeholders, in particular the Members, Ministers, Parliamentarians, local government leaders, other opinion formers and the media in order to ensure and promote an understanding of the business and its objectives.
- (xvi) Along with the Chief Executive, acting as a spokesman for the LLP on major occasions.

C(2) CHIEF EXECUTIVE

Role

Pursuant to delegated authority from the Board, to manage the LLP's business including the development of appropriate business strategies for Board approval and achieving timely and effective implementation.

Key responsibilities

- (i) The Chief Executive's principal responsibility is running the LLP's business.
- (ii) The Chief Executive is responsible for developing, proposing and implementing the LLP's strategy and overall commercial objectives, which they will do in close consultation with the Chair and the Board.
- (iii) The Chief Executive is responsible, with the Leadership Team, for implementing the decisions of the Board and its Committees.

Other responsibilities

- (iv) Providing input to the Board's agenda personally and through other members of the Leadership Team.
- (v) Ensuring that they maintain a dialogue with the Chair on the important and strategic issues facing the LLP, and proposing Board agendas to the Chair which reflect these.
- (vi) Leading the Leadership Team and ensuring that it gives appropriate priority to providing reports to the Board which contain accurate, timely and clear information.
- (vii) Ensuring, in consultation with the Chair and the Corporate Secretary as appropriate, that they and the Leadership Team comply with the Board's approved procedures, including any schedule of matters reserved to the Board for its decision, and the schedule of matters reserved to the LLP Members.
- (viii) Ensuring that the Chair is alerted to forthcoming complex, contentious or sensitive issues affecting the LLP of which the Chair might not otherwise be aware.
- (ix) Providing input to the Chair and Corporate Secretary on appropriate changes to the schedule of Matters Reserved to the board.
- (x) Providing information and advice on succession planning, to the Chair, and other members of the Board, particularly in respect of Executive Directors.
- (xi) If so requested by the Chair, assisting the Chair.
- (xii) Leading the communication with the LLP Members.
- (xiii) Leading general communications with the client base as appropriate, developing and maintaining a network of contacts with key stakeholders including the LGA, HM Treasury, WG, local authorities, , Government departments connected with local public sector bodies and other public sector

organisations to ensure and promote an understanding of the business and its objectives.

- (xiv) Providing the Chief Executive's report and representing the LLP to the Advisory Council.
- (xv) Ensuring that the development needs of the Executive Directors, members of the Leadership Team and other senior management reporting to the Chief Executive are identified and met.
- (xvi) Ensuring that performance reviews are carried out at least once a year for each of the Executive Directors and staff appointed to the Leadership Team, and providing input to the wider Board evaluation process.
- (xvii) Promoting, and conducting the affairs of the LLP with the highest standards of integrity, probity and corporate governance.
- (xviii) Management of potential conflicts of interest at an operational level.

Reporting lines

- (xix) The Chief Executive reports to the Chair (acting on behalf of the Board) and to the Board directly.
- (xx) The Chief Executive is responsible for all executive management matters affecting the LLP. All members of executive management report, either directly or indirectly, to the Chief Executive.

Status of this statement

- (xxi) Any amendment to this statement is a matter reserved to the LLP Board.

C(3) DEPUTY CHAIR

Role

To assist and support the Chair and to deputise for the Chair in their absence.

Main responsibilities

- (i) In the absence of the Chair to perform the functions of non-executive Chair of the Board.
- (ii) To support and assist the Chair in their leadership of the Board
- (iii) To provide the Chair with a focal point for communication with and support from the non-executive Board Members.
- (iv) With the Senior Independent Non-Executive Board Member, to ensure the views of each non-executive Board Member are given due consideration and to be available for confidential discussions with non-executive Board Members who may have concerns which they believe have not been properly considered by the Board as a whole.

C(4) SENIOR INDEPENDENT NON-EXECUTIVE BOARD MEMBER

Role

To assist in ensuring the effective governance of the business through co-ordinating and representing the views of the other Independent Non-Executive Board Members and acting as their voice when required.

Main responsibilities

- (i) At least once a year chair a meeting of the Non-Executive Board Members without the Chair present to appraise the Chair's performance.
- (ii) Make a recommendation to the Board on the Chair's remuneration.
- (iii) Ensure that they are consulted upon and participate in:
 - the appointment and dismissal of Executive Board Members;
 - the appointment and removal of all other Independent non-executive Board Members;
 - the appointment and removal of the Corporate Secretary;
 - succession planning.
- (iv) With the Deputy Chair, to ensure the views of each non-executive Board Member are given due consideration and to be available for confidential discussions with Independent Non-Executive Board Members who may have concerns which they believe have not been properly considered by the Board as a whole.
- (v) Be available to Members as required.
- (vi) With the Chair, report to the Board annually on the effectiveness of Board procedures taking account of the views of individual Board Members.

C(5) INDEPENDENT NON-EXECUTIVE BOARD MEMBERS

Role

To bring an independent and external dimension to the Board's activities and play their part in relation to strategy, performance, risk and people.

Within the spirit of partnership and mutual respect on the unitary Board, to support as well as constructively challenge and monitor management.

Main responsibilities

- (i) To promote the success of the LLP for the benefit of its Members and wider public stakeholders.
- (ii) To protect stakeholders' interests through corporate governance Committees.
- (iii) To challenge constructively and help develop proposals on strategy.
- (iv) To scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- (v) To satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- (vi) To determine appropriate levels of remuneration of senior management and have a prime role in appointing and where necessary removing senior managers and in succession planning.
- (vii) To ensure the LLP acts responsibly having due regard to its reputation.
- (viii) In those areas in which the Board Member has particular knowledge, skill and experience, to ensure that they have applied the necessary care, skill and diligence required.
- (ix) To act as an ambassador for the business within relevant sectors or political organisations represented by the Board Member.

Additional responsibilities of a committee chair

- (i) To agree agenda items in advance with the Corporate Secretary, who will issue the agenda/detailed papers the week before the meeting to maximise everyone's contribution to the meeting.
- (ii) To agree an annual schedule of meetings in advance and where a member is unable to attend a meeting to capture their input beforehand.
- (iii) To report committee activities and recommendations to the Board.
- (iv) To review annually the committee's terms of reference and membership, recommending any changes to the Board and to evaluate the committee's performance on a regular basis.

C(6) CORPORATE SECRETARY

All Board members have access to the advice and services of the Secretary, who is responsible to the Board for ensuring that its procedures are complied with. Both the appointment and removal of the Secretary is a matter for the Board as a whole.

Role

Under the direction of the Chair, to ensure good information flows within the Board and its Committees and between senior management and non-executive Board Members, as well as facilitating induction and assisting with professional development as required.

Main responsibilities

- (i) To act as a confidential sounding board to the Chair and individual Board Members and provide comprehensive practical support and guidance on their responsibilities (a) to promote the success of the business for the benefit of its shareholders as a whole; and (b) to promote Members' interests through the corporate governance Committees.
- (ii) To be Secretary to the Board, the Audit Committee and the Executive Remuneration and Nominations Committee and to facilitate accurate, timely and clear information to Board Members so that they can properly perform their functions and maximise their contribution to decision-making.
- (iii) To alert Board Members to matters which warrant the attention of the Board to ensure that the LLP acts responsibly and has due regard to its reputation. To provide a central source of guidance and advice on ethics generally and corporate governance best practice as set out in the UK Corporate Governance Code.
- (iv) To ensure the procedure for the appointment of Board Members is properly carried out, to facilitate their induction and training.
- (v) To ensure compliance with all legal and regulatory matters including the continuing obligations of Companies House filing requirements and that due regard is paid to the specific interests of the LLP.
- (vi) To communicate with Members as appropriate and ensure that due regard is paid to their interests, including payment of drawings.
- (vii) To maintain up-to-date records including registers of members; minutes of Board, committee and general meetings; copies of key documents including the LLP Members' Agreement and the Governance Framework; copies of Board Members' service contracts and letters of appointment. To ensure proper administration of companies owned or controlled by the LLP, and to maintain a record of the group structure.

C(7) Board

The Board's role is to provide entrepreneurial leadership of Local Partnerships within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its Members and others are understood and met. All directors must act in what they consider to be the best interests of the company, consistent with their statutory duties.

D. MATTERS RESERVED FOR DECISION BY THE BOARD

Clause 12 of the LLP Members' Agreement, sets out those matters that require the unanimous agreement of the LLP Members. All those matters are reserved by the LLP Board for its consideration. In addition, the LLP Board reserves to itself the following matters:

1. Strategy, management and governance

- (i) Determination of arrangements for the overall management of the business.
- (ii) Approval of the business's long-term objectives and commercial strategy.
- (iii) Determination of the proposed Business Plan, proposed annual operating and capital expenditure budgets and any material changes to them.
- (iv) Oversight of matters specified in this Governance Framework as reserved for the Board or expressly within the remit of any Board Committee.
- (v) Review of performance in the light of the group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (vi) Determination of any proposed extension of the group's activities into new business or geographic areas.
- (vii) Determination of any proposal to cease to operate all or any material part of the business.
- (viii) Determination of any amendments to this Governance Framework.

2. Structure and capital

Determination, subject where required to the unanimous prior approval of the LLP Members, of:

- (i) proposed changes relating to the group's capital structure including reduction of capital; and
- (ii) proposed changes to the group's corporate structure.

3. Financial reporting and controls

Approval, subject where required to the unanimous prior approval of the LLP Members, of:

- (i) the interim management statements and any preliminary announcement of the final results;
- (ii) the annual report and accounts, including the corporate governance statement and remuneration report;
- (iii) the proposed dividend policy and declarations of or recommendations for any dividends;

- (iv) significant changes in accounting policies or practices; and
- (v) treasury policies, including foreign currency exposure and the use of financial derivatives.

4. Contracts

Authorisation, subject where required to the unanimous prior approval of the LLP Members, of:

- (i) Contracts which are material strategically or by reason of size, entered into by the LLP and companies owned by the LLP in the ordinary course of business;
- (ii) Contracts of the LLP and companies owned by the LLP not in the ordinary course of business; and
- (iii) investments including the acquisition or disposal of interests in the stock, shares or securities of any company, person, limited liability partnership or firm or the making of any takeover offer.

5. Communication

- (i) Approval of resolutions and corresponding documentation to be put forward to Members at a general meeting; and
- (ii) Approval of the Communications Strategy relating to press releases or other published documentation concerning matters decided by the Board (approval of specific press releases is delegated to the Chair and Chief Executive).

6. Board membership and other appointments

Determination, subject where required to the unanimous prior approval of the LLP Members, of

- (i) Changes to the structure, size and composition of the Board;
- (ii) Not used
- (iii) Appointments to the Board and to Board roles described in this Governance Framework;
- (iv) Membership and chairs of Board committees;
- (v) Appointment or removal of the Corporate Secretary.
- (vi) Appointment, reappointment or removal of the external auditor to be put to Members for approval, following the recommendation of the audit committee.
- (vii) Appointments to Boards of companies owned by the LLP.

7. Corporate governance matters

- (i) Undertaking a formal and rigorous review annually of its own performance, that of its committees and individual Board Members.
- (ii) Determining the independence of Board Members.

- (iii) Considering the balance of interests between shareholders, employees, customers and the community.
- (iv) Review of the group's overall corporate governance arrangements.
- (v) Receiving reports on the views of the company's shareholders.

8. Policies

Approval of policies relating to the general conduct of the LLP's business, including:

- (i) Code of Conduct;
- (ii) Share dealing code;
- (iii) Health and safety policy;
- (iv) Environmental policy;
- (v) Communications policy;
- (vi) Corporate social responsibility policy;
- (vii) Charitable donations policy;
- (viii) Anti-fraud and Corruption policy
- (ix) Whistleblowing policy
- (x) Data protection policy and
- (xi) Equality and Diversity policy.

9. Other

- (i) The making of political donations.
- (ii) Approval of the appointment of the group's external auditors.
- (iii) Prosecution, defence or settlement of litigation material to the interests of the group.
- (iv) Not used
- (v) Major changes to the rules of the business's pension arrangements.
- (vi) This schedule of matters reserved for Board decisions.

In this Section D, references to 'material' include references to contracts, claims and other matters of value in excess of £500,000 or such other amount as may from time to time be determined by the Board; provided that the materiality threshold for clause 9(iii) (litigation) is £100,000.

E. TERMS OF REFERENCE

E(1) TERMS OF REFERENCE: AUDIT COMMITTEE

1. Membership

- 1.1 Members of the committee shall be appointed by the LLP Board, in consultation with the Committee Chair. The Committee shall be made up of at least four (4) members.
- 1.2 Members of the Committee shall be Non-Executive Directors at least one of whom shall have recent and relevant financial experience. Two members of the Committee will be appointed by HM Treasury and two members will be appointed by the LGA. The Chair of the LLP Board shall not be a member of the Committee but has the right to attend according to the agenda under consideration.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the LLP Board, chief executive, finance director, other directors, representatives from the finance function and the external auditors may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 Appointments of independent directors to the Committee shall normally be for a period of up to three years, which may be extended for one further three year period,.
- 1.5 The LLP Board shall appoint the Committee Chair who shall be an Independent Non-Executive LLP Board Member. In the absence of the Committee Chair or a deputy appointed by the LLP Board, the remaining Committee members present shall elect one of themselves to chair the meeting.

2. Secretary

- 2.1 The Corporate Secretary or their nominee shall act as the secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2 members at least one of whom shall be an Independent Non-Executive LLP Board member. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3.2 Voting Arrangements

- 3.2.1 Each member of the Committee shall have one vote which may be cast on delegated matters considered at the meeting. Votes may only be cast by members of the Committee attending the meeting at which the vote takes place.

3.2.2 If a matter considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter at the meeting.

3.2.3 In the event of a deadlock, save where there is a personal interest, the Committee Chair shall have a casting vote.

4. Frequency of meetings

4.1 The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. Notice of meetings

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive LLP Board Members, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time.

6. Minutes of meetings

6.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the LLP Board, unless a conflict of interest exists.

7. LLP Member involvement

7.1 The Committee Chair shall, when requested in writing and at a time and place reasonably convenient to the parties involved, attend a meeting with the LLP Members prepared to respond to any questions on the Committee's activities.

The frequency and timing of these meetings will depend on the needs of the LLP.

8. Duties

The Committee shall carry out the duties below.

8.1 Financial planning and reporting

- 8.1.1 The Committee shall monitor the integrity of the financial statements of the LLP, reviewing significant financial reporting issues and judgements which they contain.
- 8.1.2 The Committee shall review and challenge where necessary:
 - 8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the business of the LLP;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the LLP has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 8.1.2.4 the clarity of disclosure in the LLP's financial reports and the context in which statements are made;
 - 8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management); and
- 8.1.3 When requested by the Board, the Committee shall advise on amendments to the business plan proposed by the Senior Management Team, including business cases for new products or services, and subject these to appropriate scrutiny on behalf of the Board. The Committee shall
 - 8.1.3.1 advise the Board on the risks of such proposals and make recommendations on any suggested amendments.
 - 8.1.3.2 consider the impact of the proposals on financial sustainability and delivery of strategic objectives.
 - 8.1.3.3 advise the Board on the opportunities presented by management's proposed amendments to the business plan, including business cases for new types of produce of services, as well as any risks.

8.2 Internal controls and risk management systems

The Committee shall:

- 8.2.1 keep under review the effectiveness of the LLP's internal controls and risk management systems;
- 8.2.2 review and approve the statements to be included in the annual report concerning internal controls and risk management;
- 8.2.3 develop and maintain a suitable framework for assessing the LLP's risk appetite. On an annual basis the Committee shall review the LLP's risk appetite and make representation to the Board if it considers that the approach taken to risks faced by the LLP is inconsistent with the stated appetite;

- 8.2.4 review the latest organisational risk register and consider the impact of identified risks on the deliverability of the LLP's strategy and Business Plan. It shall also consider any significant risks that have been omitted from the risk register, recognising the identification of risks is the responsibility of the full Board. The Committee shall review the performance of management and mitigation plans and recommend to the Board any additional action it considers necessary; and
- 8.2.5 on an annual basis, review the Governance Framework to confirm its continued relevance and applicability and make recommendations as required to the Board and LLP members for amendments to reflect any changed circumstances or identified weaknesses.

8.3 Whistle-blowing and fraud

The Committee shall:

- 8.3.1 review the LLP's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- 8.3.2 review the LLP's procedures for protecting against and for detecting fraud.

8.4 Internal audit

The Committee shall:

- 8.4.1 monitor and review the effectiveness of the LLP's internal auditor in the context of the LLP's overall risk management system;
- 8.4.2 approve the appointment and removal of the organisation engaged to act as the LLP's internal auditor;
- 8.4.3 consider and approve the remit of the internal auditor; ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- 8.4.4 review and assess the annual internal audit plan;
- 8.4.5 review promptly all reports on the LLP from the internal auditor;
- 8.4.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 8.4.7 meet the internal auditor at least once a year, without management being present, to discuss the internal auditor's remit and any issues arising from the internal audits carried out. In addition, the internal auditor shall be given the right of direct access to the Chair of the LLP Board and to the Committee.

8.5 External Audit

The Committee shall:

- 8.5.1 consider and make recommendations to the LLP Board on the appointment, re-appointment and removal of the LLP's external auditor;
- 8.5.2 oversee the selection process for new auditors and, if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 8.5.3 oversee the relationship with the external auditor including (but not limited to):
 - 8.5.3.1 approval of its remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.5.3.2 approval of the external auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.5.3.3 assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
 - 8.5.3.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the LLP and/or its members (other than in the ordinary course of business);
 - 8.5.3.5 agreeing with the LLP Board a policy on the employment of former employees of the LLP's auditor, then monitoring the implementation of this policy;
 - 8.5.3.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and the level of fees paid by the LLP;
 - 8.5.3.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
 - 8.5.3.8 seeking to ensure co-ordination with the activities of the internal audit Function; and, if the LLP does not have an internal audit function, considering annually whether there should be one and making a recommendation to the LLP Board accordingly; and
 - 8.5.3.9 considering the risk of the withdrawal of the LLP's external auditor from the market;
- 8.5.4 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage; and meet the external auditor at least once a year, without management being present, to discuss its remit and any issues arising from the audit;

- 8.5.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.6 review the findings of the audit with the external auditor, to include but not be limited to, the following:
 - 8.5.6.1 any major issues which arose during the audit;
 - 8.5.6.2 any accounting and audit judgements; and
 - 8.5.6.3 levels of errors identified during the audit;
- 8.5.7 review the effectiveness of the audit;
- 8.5.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.9 review the management letter and management's response to the auditor's findings and recommendations; and
- 8.5.10 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

8.6 Reporting responsibilities

- 8.6.1 The Committee Chair shall report formally to the LLP Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.6.2 The Committee shall make whatever recommendations to the LLP Board it considers appropriate on any area within its remit where it considers action or improvement is needed.
- 8.6.3 The Committee shall compile a report to Members on its activities to be included in the LLP's annual report.

8.7 Other matters

The Committee shall:

- 8.7.1 have access to sufficient resources in order to carry out its duties, including access to the LLP secretariat for assistance as required;
- 8.7.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 8.7.3 give due consideration to laws and regulations and the provisions of the UK Corporate Governance Code;
- 8.7.4 be responsible for co-ordination of the internal and external auditors;
- 8.7.5 oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and

- 8.7.6 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LLP Board for approval.

9. Authority

The Committee is authorised:

- 9.1 to seek any information it requires from any employee of the LLP in order to perform its duties;
- 9.2 to obtain, at the LLP's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 9.3 to call any employee to be questioned at a meeting of the Committee as and when required.

E(2) TERMS OF REFERENCE: EXECUTIVE REMUNERATION AND NOMINATIONS COMMITTEE

1. Membership

1.1. Members of the committee shall be appointed by the Board. The committee shall be made up of at least 4 members, including one Non-Executive Board Member appointed by HM Treasury, one Non-Executive Board Member appointed by the LGA and at least two Independent Non-Executive Board Members. The Chair of the Board may also serve on the committee as an additional member.

1.2. Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

1.3. Appointments to the committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Board Member still meets the criteria for membership of the committee.

1.4. The Board shall appoint the committee chair who should be either the Chair of the Board or an Independent Non-Executive Board Member. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not chair the committee when it is dealing with the matter of succession to the Chair of the Board position.

2. Secretary

2.1. The Corporate Secretary or their nominee shall act as the secretary of the committee.

3. Quorum

The quorum necessary for the transaction of business shall be 2, including one Board Member nominated by each of the LGA and HM Treasury. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. Meetings

4.1. The committee shall meet at least once a year and at such other times as the members of the committee shall require.

5. Notice of meetings

5.1. Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members.

5.2. Unless otherwise agreed by all members of the committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive Board Members, no later than 5 working

days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6. Minutes of meetings

6.1. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

6.2. Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7. Duties

7.1 The committee shall:

- (i) Determine and agree with the Board the framework or broad policy for the remuneration of the LLP's Chief Executive, the Executive Board Members, [the Corporate Secretary] and such other members of the Leadership Team as it is designated to consider. The remuneration of Non-Executive Board Members shall be a matter for the LLP Members, and is outside the Terms of Reference of the Executive Remuneration and Nominations Committee. No Board Member or manager shall be involved in any decisions as to their own remuneration.
- (ii) In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.
- (iii) Review the ongoing appropriateness and relevance of the remuneration policy.
- (iv) Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.
- (v) Determine the policy for, and scope of, pension arrangements for each Executive Board Member and other Leadership Team members.
- (vi) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- (vii) Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive as appropriate, determine the total individual remuneration package of each Executive Board Member and other senior executives including bonuses and incentive payments.
- (viii) In determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and associated guidance.

- (ix) Review and note annually the remuneration trends across the company or group.
- (x) Determine any major changes in employee benefits structures throughout the LLP and entities under the control of the LLP.
- (xi) Agree the policy for authorising claims for expenses from the Chief Executive and Executive Directors.
- (xii) Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled.
- (xiii) Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- (xiv) Obtain reliable, up-to-date information about remuneration in other comparable entities. The committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations
- (xv) Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- (i) Give full consideration to succession planning for Executive or Independent Non-Executive Board Members and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future.
- (ii) Be responsible (either directly or through delegating to a sub-committee) for identifying and nominating for the approval of the Board, candidates to fill Executive or Independent Non-Executive Board vacancies as and when they arise.
- (iii) Before any appointment of an Executive or Independent Non-Executive Board Member is proposed for consideration by the LLP Members and the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall
 - use open advertising or the services of external advisers to facilitate the search;
 - consider candidates from a wide range of backgrounds; and
 - consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- (iv) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- (v) Keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.

- (vi) Review annually the time required from non-executive Board Members. Performance evaluation should be used to assess whether the non-executive Board Members are spending enough time to fulfil their duties.
 - (vii) Ensure that on appointment to the Board, non-executive Board Members receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.
- 7.2. The committee shall also make recommendations to the Board concerning:
- (i) Formulating plans for succession for both Executive and Independent Non-Executive Board Members and in particular for the key roles of Chair and Chief Executive.
 - (ii) Suitable candidates for the role of Senior Independent Non-Executive Board Member
 - (iii) Membership of the audit committee, in consultation with the chair of that committee.
 - (iv) The re-appointment of any Independent Non-Executive Board Member at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.
 - (v) Any matters relating to the continuation in office of any Board Member at any time including the suspension or termination of service of an executive Board Member as an employee of the company subject to the provisions of the law and their service contract.

8. Reporting responsibilities

- 8.1. The committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3. The committee shall produce an annual report of the company's remuneration policy and practices which will form part of the company's annual report.

9. Other

- 9.1. The committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10. Authority

- 10.1. The committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.
- 10.2. In connection with its duties the committee is authorised by the Board, at the company's expense:

10.2.1 to obtain any outside legal or other professional advice; and

10.2.2 within any budgetary restraints imposed by the Board, to appoint remuneration or recruitment consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

E(3) TERMS OF REFERENCE: REMUNERATION OF NON-EXECUTIVE BOARD MEMBERS

1. Remuneration of Independent Non-Executive Board Members

1.1. The Chair and Chief Executive will be responsible for making proposals to the LLP Members concerning the remuneration payable to Independent Non-Executive Board Members (other than the Chair).

1.2 In discharging this duty, the Chair and Chief Executive should act in the same manner as if they constituted an Executive Remuneration and Nomination Committee with powers and duties equivalent to those of the LLP Executive Remuneration and Nomination Committee. In particular, no Board Member shall be involved in determining their own remuneration.

2. Remuneration of Appointed Non-Executive Board Members

2.1 The Chair, the Senior Independent Non-Executive Board Member and the Chief Executive will be responsible for making recommendations to the LLP Members concerning the remuneration payable to Appointed Non-Executive Board Members (other than the Chair).

2.2 In discharging this duty, the Senior Independent Non-Executive Board Member and Chief Executive should act in the same manner as if they constituted an Executive Remuneration and Nomination Committee with powers and duties equivalent to those of the LLP Executive Remuneration and Nomination Committee. In particular, no Board Member shall be involved in determining their own remuneration.

2.3 In making their recommendations, the Senior Independent Non-Executive Board Member and Chief Executive should have regard to the remuneration policies adopted by the LLP Members in relation to broadly similar appointments.

3. Remuneration of the Chair

3.1 The Senior Independent Non-Executive Board Member and the Chief Executive will be responsible for making recommendations to the LLP Members concerning the remuneration of the Chair, having regard to the same principles as apply for the determination of the remuneration of Appointed Non-Executive Board Members.

E(4) TERMS OF REFERENCE: ADVISORY COUNCIL

Introduction

The LLP provides advisory and project management services to local authorities and other public bodies for complex procurement projects including the PFI and PPPs, infrastructure and service investment programmes, public service delivery and asset management. The LLP Members' Agreement between The Local Government Association (LGA), HM Treasury, WG, Public Private Partnership Programme and The Welsh Ministers provides for the establishment of an Advisory Council which has responsibility for reviewing the effectiveness of the LLP fulfilling its public sector mission. The Members' Agreement makes it clear that the Advisory Council will not have any executive authority over the LLP.

Membership of the Advisory Council

The Advisory Council is chaired by an LLP Board Member appointed by the LGA or by a nominee of the LGA. The name of the chair shall be notified to the LLP in writing by the LGA and the LGA shall be entitled to remove and replace the chair from time to time in the same way.

The Advisory Council shall consist of such number of representatives from (i) local authorities and (ii) community based public bodies, made up of the LLP's most significant clients, as the Appointed LLP Board Members shall determine.

Advisory Council members shall be appointed by agreement between the Appointed LLP Board Members and in the absence of agreement the LGA LLP Board Members shall have a casting vote in respect of any local authority appointment and the HM Treasury LLP Board Members shall have a casting vote in respect of any non-local authority appointment.

Roles and Responsibilities

The function of the Advisory Council is to review the effectiveness of the LLP in fulfilling its public sector mission. In fulfilling this function it is expected that the Advisory Council will:

- review the issues and concerns which it and its Members consider important with respect to local government and other public body infrastructure and service investment, PFI and PPP projects and joint ventures;
- consider how the LLP might modify and improve its service offerings or client relationship approach to meet the needs of its client base;
- receive presentations on the LLP's evolving strategy and business plan, service range and market developments in which the LLP is engaged, and provide challenge and feedback on these; and
- act as an ambassador for best practice in local government and other public sector infrastructure and services procurement and programme management, particularly within the stakeholder groups they represent.

The Advisory Council will not have any executive authority over the LLP, however, the LLP Board is required to consider the findings of the Advisory Council and to take them into account when formulating business planning and strategy for the LLP.

Meetings and information

The Advisory Council shall meet once every six months or more frequently if the LLP Board so agrees with the Advisory Council.

The Advisory Council may be attended by the LLP Chair, the Chief Executive of the LLP and such members of the LLP Board and Leadership Team as the chair of the Advisory Council considers appropriate.

The LLP Board shall with reasonable promptness supply (and procure that others supply) the Advisory Council with all information and give access to all documentation reasonably required by the Advisory Council to fulfil its function.

Within one month after each meeting the Advisory Council will provide the LLP Board in writing with the conclusions reached at the meeting.

Role of the chair

The chair has a pivotal role in ensuring the Advisory Council meets its responsibilities. His/her role is expected to include:

- encouraging attendance from Advisory Council Members
- facilitating, with executive support from the LLP, a lively, relevant and focused discussion on the issues under consideration
- agreeing the forward agenda of issues to be considered with the LLP Chair, Executive Director and other Advisory Board Members
- working with the LLP Board and the Chief Executive of the LLP to help develop the strategic direction of the LLP recommending issues for referral to the LLP Board and its Committees

F. LETTERS OF APPOINTMENT

F(1) LETTER OF APPOINTMENT: CHAIR

We write to confirm the terms of your appointment as non-executive chair of Local Partnerships LLP (“the LLP”) which were agreed by the LLP Board on [date].

1 Appointment

1.1 You will hold your office in accordance with the LLP Members Agreement dated 1 July 2009 as varied from time to time (“the Agreement”). Nothing in this letter shall be taken to exclude or vary the terms of the Agreement as they apply to you as a Board Member of the LLP.

1.2 Continuation of your appointment is contingent on satisfactory performance and re-appointment to the Board by the Local Government Association and, HM Treasury. Non-executive Board Members are typically expected to serve two two-year terms, although the Local Government Association and HM Treasury may invite you to serve an additional period.

2 Time Commitment

2.1 Overall, we anticipate a time commitment of up to [60] days per year for the first twelve months of your appointment. This time commitment will be reviewed [by the LLP Executive Remuneration and Nominations Committee] [date]. This will include:

- bimonthly board meetings;
- committee meetings;
- board and staff away days;
- regular meetings with the Chief Executive, Corporate Secretary, other Board Members and staff;
- any meetings of the LGA Executive, the HM Treasury or the WG to which you may be invited in your capacity as chair of the LLP;
- meetings with other stakeholders;
- attendance and speaking at conferences etc.

In addition, you will be expected to devote appropriate preparation time ahead of each meeting.

2.2 By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the Board should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as chair of the LLP.

3 Role

3.1 Non-Executive LLP Board Members have the same general legal responsibilities to the LLP as any other Board Member. In addition, Non-Executive Board Members:

- (i) constructively challenge and help develop proposals on strategy;
- (ii) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iii) satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and
- (iv) determine appropriate levels of remuneration of executive LLP Board Members and members of the Leadership Team and have a prime role in appointing, and where necessary removing, executive directors and in succession planning.

3.2 The responsibilities of the chair of the LLP are set out in Section C(1) of the Governance Framework of the LLP. A copy of the full Governance Framework, agreed by the LLP Board on [date] is appended to this letter.

4 Duration

Your appointment will be for an initial term of two years commencing on [date] unless otherwise terminated by either party on three months' written notice or until terminated in accordance with paragraph 11 below.

5 Fees, expenses and facilities

You will be entitled to a fee of £[X] per annum from the LLP which will be payable to you monthly in arrears, and will be subject to an annual review by the Board. The LLP will also reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office. Expenses should be claimed monthly.

Additionally, you may make use of the LLP's office facilities and secretarial support in the performance of your duties. You may make use of the same transport and travel facilities for travel in the course of the LLP's business (excluding travel between your home and the LLP office facilities) as are authorised for the LLP's Chief Executive.

6 Outside interests

It is understood that you may have business interests other than those of the LLP, and indeed, the fact that you do so is of substantial benefit to the LLP and enables you to make a full contribution to the work of the Board by bringing your other experience to bear. In addition, in the event that during your other business interests you become aware of a potential conflict of interest with your position with the LLP you should notify the other Board Members. It may be the case that the Board will then seek to exclude you from its discussions on certain matters until the potential conflict of interest has been resolved.

7 Confidential information

During the course of your appointment you may come into possession of trade secrets and confidential information relating to the business and finances of, and services provided by, the LLP and other companies in the Group. You should not of course either during the course of your appointment or at any time after its termination for any

reason use, other than for the purposes of the LLP, or disclose to any person or persons whatsoever, any such confidential or secret information or any other confidential or secret information. This does not apply to any information in the public domain or of which you are aware independently of this appointment.

8 Induction & development

The LLP takes the development of its Board Members seriously and will provide appropriate training opportunities during the course of your appointment, which you are encouraged to undertake.

9 Review process

The performance of individual Board Members and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Senior Independent Non-Executive Board Member as soon as is appropriate.

10 Insurance

The LLP has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £2017/18: £5,000,000]; a copy of the policy document is attached.

11 Termination

The LLP may by notice in writing to you terminate your appointment with immediate effect if:

- (i) you become bankrupt or make any arrangement or composition with your creditors generally; or
- (ii) you have an Order made by any competent Court for your detention or the appointment of a Receiver, or other person to exercise powers with respect to your property or affairs; or
- (iii) you become disqualified or prohibited from being or acting as a Director of any company by reason of any statutory provision or an Order made by any competent Court; or
- (iv) you are convicted of any criminal offence other than an offence which in the reasonable opinion of the Board does not adversely affect either the reputation of the LLP or your ability to fulfil your duties adequately; or
- (v) you shall for more than six consecutive months have been absent without the permission of the Board from meetings of the Board held during that period and the Board resolves that your office be vacated; or
- (vi) you are the subject of or cause the LLP to be the subject of a penalty or reprimand imposed by any regulatory authority by which the LLP is governed or to which its activities are subject.

12 Professional advice

Occasions may arise when you consider that you need professional advice in connection with the performance of your duties as a Board Member and/or chair and you will be able to consult the LLP's advisers for this purpose. Circumstances may occur when it may be appropriate for you to seek such advice from independent advisers at the LLP's expense. Such circumstances would be unusual and, if possible, the other Board Members or the Corporate Secretary should be referred to in the first instance.

13 Tax

Your fees will be paid net of any taxes including National Insurance or similar contributions.

14 Committees

In addition to your appointment as a non-executive chair of the LLP you are also appointed as a member of the Executive Remuneration and Nominations Committee and will be expected to attend meetings of the Audit Committee. No additional fees are payable in respect of those appointments. You will also continue in your appointment as a director and chair of the Public Private Partnerships Programme, a company wholly owned by the LLP.

Please let us know if you have any question about any of the matters raised in this letter. In any event, I should be grateful if you would return to us the enclosed copy initialled to acknowledge receipt and acceptance of the arrangements set out here.

Signed

for Local Government Association

for HM Treasury

for the Welsh Government

F(2) LETTER OF APPOINTMENT: [INDEPENDENT] NON-EXECUTIVE BOARD MEMBER

I write to confirm the terms of your appointment as a[n Independent] Non-Executive Board Member of Local Partnerships LLP (“the LLP”) which were agreed by the Board on [].

1 Appointment

1.1 You will hold your office in accordance with the LLP Members’ Agreement dated 1 July 2009 as varied from time to time (“the Agreement”). Nothing in this letter shall be taken to exclude or vary the terms of the Agreement as they apply to you as a Board Member of the LLP.

1.2 Continuation of your appointment is contingent on satisfactory performance. Non-executive Board Members are typically expected to serve two two-year terms, although the Board may, with the agreement of the LLP Members, invite you to serve an additional period.

2 Time commitment

2.1 Overall, we anticipate a time commitment of 10 days per year after the induction phase. This will include:

- bimonthly board meetings;
- committee meetings;
- board and staff away days.

In addition, you will be expected to devote appropriate preparation time ahead of each meeting. The time commitment may also include attendance at and speaking at conferences.

2.2 By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the Chair should be sought before accepting additional commitments that might impact on the time you are able to devote to your role as a non-executive Board Member of the company.

3 Role

3.1 Non-executive Board Members have the same general legal responsibilities to the company as any other Board Member. In addition, non-executive Board Members should:

- (i) constructively challenge and help develop proposals on strategy;
- (ii) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iii) satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and

- (iv) determine appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, executive directors and in succession planning.

4 Duration

Your appointment will be for an initial term of two years commencing on [date] unless otherwise terminated by either party on three months' written notice or until terminated in accordance with paragraph 11 below. [This clause is subject to variation in the case of Appointed Non-Executive Directors, whose appointments are subject to the terms imposed by the nominating LLP Member.]

5 Fees and expenses

You will be entitled to a fee of £[] per annum from the LLP which will be payable to you monthly in arrears, and will be subject to an annual review by the Board. The LLP will also reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office. Expenses should be claimed monthly. [This clause is subject to variation in the case of Appointed Non-Executive Directors, where payment may be made by the nominating LLP Member.]

6 Outside interests

It is understood that you may have business interests other than those of the LLP, and indeed, the fact that you do so is of substantial benefit to the LLP and enables you to make a full contribution to the work of the Board by bringing your other experience to bear. In addition, in the event that during your other business interests you become aware of a potential conflict of interest with your position with the LLP you should notify the other Board Members. It may be the case that the Board will then seek to exclude you from its discussions on such matters until the potential conflict of interest has been resolved.

7 Confidential information

During the course of your appointment you may come into possession of trade secrets and confidential information relating to the business and finances of, and services provided by, the LLP and other companies in the Group. You should not of course either during the course of your appointment or at any time after its termination for any reason use, other than for the purposes of the LLP, or disclose to any person or persons whatsoever, any such confidential or secret information or any other confidential or secret information. This does not apply to any information in the public domain or of which you are aware independently of this appointment.

8 Induction

Immediately after appointment, the LLP will provide a comprehensive formal and tailored induction, including site visits and meetings with the LLP's executive management and the auditors. The LLP takes the professional development of its board members seriously and will provide appropriate training opportunities during the course of your appointment, which you are encouraged to undertake

9 Review process

The performance of individual Board Members and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause

you concern about your role you should discuss them with the chair as soon as is appropriate.

10 Insurance

The LLP has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is [2017/18: £5,000,000]; a copy of the policy document is attached.

11 Termination

The LLP may by notice in writing to you terminate your appointment with immediate effect if:

- (i) you become bankrupt or make any arrangement or composition with your creditors generally; or
- (ii) you have an Order made by any competent Court for your detention or the appointment of a Receiver, or other person to exercise powers with respect to your property or affairs; or
- (iii) you become disqualified or prohibited from being or acting as a Director of any company by reason of any statutory provision or an Order made by any competent Court; or
- (iv) you are convicted of any criminal offence other than an offence which in the reasonable opinion of the Board adversely affects neither the reputation of the LLP nor the ability to fulfil your duties adequately; or
- (v) you shall for more than six consecutive months have been absent without the permission of the Board for meetings of the Board held during that period and the Board resolves that your office be vacated; or
- (vi) you are an Appointed Non-Executive Director and you cease to qualify for nomination by the relevant LLP Member; or
- (vii) you are the subject of or cause the LLP to be the subject of a penalty or reprimand imposed by any regulatory authority by which the LLP is governed or to which its activities are subject.

12 Professional advice

Occasions may arise when you consider that you need professional advice in connection with the performance of your duties as a director and you will be able to consult the LLP's advisers for this purpose. Circumstances may occur when it may be appropriate for you to seek such advice from independent advisers at the LLP's expense. Such circumstances would be unusual and, if possible, the other Board Members or the Corporate Secretary should be referred to in the first instance.

13 Tax

Your fees will be paid net of any taxes including National Insurance or similar contributions.

14 Committees

This letter refers to your appointment as a non-executive director of the LLP. In the event that you are also asked to serve on one or more of the board committees, this will be covered in a separate communication setting out the committee(s)'s terms of reference, any specific responsibilities and any additional fees that may be involved.

Please let me know if you have any question about any of the matters raised in this letter. In any event, I should be grateful if you would return to me the enclosed copy initialled to acknowledge receipt and acceptance of the arrangements set out here.

Signed

Chair

G POWERS DELEGATED TO THE CHIEF EXECUTIVE

The Chief Executive role profile set out in Section C(2) of this Governance Framework provides that the Chief Executive is to have full delegated authority for the running of the LLP business, subject only to certain matters on which decisions are reserved to the Board.

This Scheme of Delegation is consistent with that principle and with the provision in Section D of the Governance framework reserving to the Board the determination of arrangements for the overall management of the business. It is intended to provide the Chief Executive with the authority to commit agreed financial resources in order to implement the Business Plan approved by the Board.

This Scheme shall be operated in accordance with policies and principles laid down by the Board. In his absence, delegations to the Chief Executive shall be exercised by the Finance Director. In the absence of the Finance Director, his delegations shall be exercised by the Corporate Secretary.

1. Authorisation levels for goods and services

Awards of contracts valued in excess of £500,000 (over the lifetime of the contract) are reserved to the Board.

2. New expenditure

With the approval of the Chief Executive, managers are authorised to incur expenditure in relation to work to implement the approved Business Plan, subject to budgetary provision being available, to the delegations in relation to contracts in paragraph 1 above, and to items over £100,000 being reported to the next meeting of the Board.

3. Regular or recurring payments

The Chief Executive is authorised to approve expenditure in respect of regular or recurring payments arising from statutory or contractual commitments (e.g. salaries, wages, tax and national insurance, pensions, loan payments and shared service) subject to budgetary provision and the cash required being available for the specific purpose.

4. Budget control

The Chief Executive is authorised (subject to the arrangements set out in this Scheme) to commit expenditure to implement the approved Business Plan. The Chief Executive will ensure that it complies with clause 14.5.2 of the Members Agreement (provision of monthly management accounts to the Board) that identify and explain any material variations from the Business Plan. (

5. Credit control

The Chief Executive is authorised to take all necessary action, including legal proceedings, to recover any outstanding debts.

The Chief Executive, on the recommendation of the Finance Director, may write off irrecoverable debts up to £50,000. The write-off of any debts over £50,000 shall be reserved to the Board.

6. Litigation and legal proceedings

In order to protect the businesses rights or interests, the Chief Executive is authorised, in the light of legal advice, to issue instructions for legal proceedings and make settlements in relation to court and tribunal cases, subject to:

- Cases where costs and/or the potential costs, liabilities or settlement are likely to exceed £100,000: approval by the Board.
- Cases where costs and/or the potential costs, liabilities or settlement are not likely to exceed £100,000: approval by the Chief Executive.

H CONFLICTS OF INTEREST POLICY

This policy applies to Board Members and all staff.

Why have a policy?

Board Members have an obligation to act in the best interests of the LLP, and in accordance with the Members' Agreement. Members of staff have similar obligations. Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of the LLP.

Such conflicts may create problems; they can:

- Inhibit free discussion;
- Result in decisions or actions that are not in the interests of the LLP; and
- Risk the impression that the LLP has acted improperly.

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety.

The declaration of interests

Accordingly, Board Members and all staff are required to declare their interests, and any gifts or hospitality received in connection with their role in the business of the LLP. A declaration of interests form is provided for this purpose, listing the types of interest you should declare.

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur.

If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of disclosure. If you would like to discuss this issue, please contact the Corporate Secretary for confidential guidance. Interests will be recorded on the register of interests, which will be maintained by Corporate Secretary. The register will be accessible to all Board Members and staff and others who make a reasonable request to the Corporate Secretary who will consult with the Chair in determining whether to accede to the request.

Data Protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998 and any subsequent legislation. Data will be processed only to ensure that Board Members and all staff act in the best interests of the LLP. The information provided will not be used for any other purpose.

What to do if you face a conflict of interest

If you are involved in any other organisation which does (or may do) business with the LLP or which is in competition with the LLP, you should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. The same applies if you face a conflict for any other reason. You may, however, participate in

discussions from which you may indirectly benefit, for example where the benefits are universal or where your benefit is minimal.

The preceding paragraph shall not apply to directors appointed by HM Treasury in so far as relating to matters in which HM Treasury has an interest, to directors appointed by the LGA in so far as relating to matters in which the LGA has an interest, or to directors appointed by the WG in so far as relating to matters in which the WG has an interest.

If you fail to declare an interest that is known to Corporate Secretary and/or the Chair of the Board, the Secretary or Chair will declare that interest.

Decisions taken where a board member or member of staff has an interest

In the event of the Board having to decide upon a question in which a Board Member or member of staff has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate.

Interested Board Members may not vote on matters affecting their own interests. They may participate in the discussion but not the decision-making process.

The preceding two paragraphs shall not apply to directors appointed by HM Treasury in so far as relating to matters in which HM Treasury has an interest, to directors appointed by the LGA in so far as relating to matters in which the LGA has an interest, or to directors appointed by the WG in so far as relating to matters in which the WG has an interest.

All decisions under a conflict of interest will be recorded by Corporate Secretary and reported in the minutes of the meeting. The report will record:

- (i) The nature and extent of the conflict;
- (ii) An outline of the discussion;
- (iii) The actions taken to manage the conflict.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.