



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Report of the
Independent Remuneration Panel
Remuneration and Allowances for Councillors
Appointed as Non-Executive Directors on Graven
Hill Companies from 8 November 2016 for the
Remainder of the 2016/2017 Financial Year

For

Cherwell District Council

October 2016

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL

**NON-EXECUTIVE DIRECTOR REMUNERATION AND ALLOWANCES FROM 8
NOVEMBER 2016 FOR THE REMAINDER OF 2016/2017 FINANCIAL YEAR**

1. Introduction

- 1.1 This report has been prepared in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). It outlines the Panel's Findings following consideration of remuneration for councillors appointed as Non-Executive Directors and its recommendations for 2016/17 in respect of:
- (a) The level of allowance for Graven Hill Village Holdings Company Limited (HOLDCO) and Graven Hill Village Development Company Limited (DEVCO) board members.
 - (b) The level of Allowance for the Chairmen of HOLDCO and DEVCO.
 - (c) The level of allowance for councillor directors of both HOLDCO and DEVCO
 - (d) The travelling, subsistence and dependent carers' allowances for the above roles.

2. The Independent Remuneration Panel

- 2.1 The Independent Remuneration Panel was first appointed in 2001
- 2.2 The current membership of the Panel is;
- Ms Jeanette Baker
Mr Ray Everitt
Mr Jim Flux MBE
Mr David Shelmerdine
Mr Christopher White
- 2.3 The Panel met on 13 September 2016, adjourned and reconvened on 12 October 2016 to consider and agree its recommendations for the remainder of the 2016/17 municipal year. Mr David Shelmerdine was appointed as Chairman of the Panel. Mr Ray Everitt sent his apologies. Ms Jeanette Baker sent her apologies for the second meeting but participated in the decision via correspondence.
- 2.4 Mr Christopher White declared an interest in Graven Hill Village Development Company and Graven Hill Holdings Company and did not attend the meeting.

- 2.5 Natasha Clark (Interim Democratic and Elections Manager) and Lesley Farrell (Democratic and Elections Officer) provided the Panel with administrative advice and support at the meeting of 13 September 2016.
- 2.6 At the meeting the Panel requested additional information to assist them in reaching a conclusion and making recommendations.
- 2.7 The Panel was adjourned and reconvened on 12 October 2016 after more information had been provided regarding the roles, burdens and responsibilities relating to the Non-Executive Directors of (HOLDCO) and (DEVCO). Kevin Lane (Head of Law and Governance) and Lesley Farrell (Democratic and Elections Officer) provided the panel with administrative advice and support. The information considered and reviewed by the Panel is set out in sections 5 and 6 of the report
- 2.8 The Panel's findings are set out in this report, together with recommendations for consideration by Council.

3. Terms of Reference of the Panel

- 3.1 The Panel's terms of reference as originally agreed by Council when it was first constituted (as amended by the 2003 Consolidating Regulations which relate to the determination of local schemes for travelling and subsistence allowance) are outlined in its reports dated 3 July 2001 and 4 July 2003.
- 3.2 The principal matters on which the Panel can make recommendations are:
 - (a) The amount of allowance to be paid to a councillor appointed as Non-Executive Director of a Graven Hill Company
 - (b) The amount of allowance to be paid to a councillor appointed as Non-Executive Director to both Graven Hill Companies
 - (c) The amount of allowance to be paid to the Chairman of either company
 - (d) The appropriateness of and the amounts to be paid in respect of the childcare and dependent carers' allowances
 - (e) The levels, and appropriateness, of travelling and subsistence allowances

4. The Panel's Adopted Approach

- 4.1 The Panel agreed that their approach would be that recommendations should be formulated appropriate to the circumstances of the Company, recognising that the role of Non-Executive Director is a relatively new one and that it is a separate role to that of the elected Member and it is understood that these are two distinct roles.

4.2 The following underlying principles form the fundamental basis of the Panels process:

- (a) The allowance should take account of, as far as possible, the amount of time taken by Non-Executive directors to fulfil their roles.
- (b) It should also take account of the amount of responsibility and liability the role carries.
- (c) The scheme should ensure, as far as practicable, that as wide a range of Members as possible should be able to be appointed as Non-Executive Directors
- (d) The scheme should be subject to well informed periodic reviews.

4.3 The Panel also noted that expenses would be claimed in the same way as expenses for approved duties undertaken in their capacity as a councillor, but would be claimed on a separate form and recharged to the Graven Hill companies so there would be no cost to the local authority.

5. The Work of the Panel

5.1 The Panel's approach required an understanding of the Graven Hill companies, the financial position of the companies and the role of the councillors appointed as Non-Executive Directors. An assessment of the amount of time councillors appointed as Non-Executive Directors commit to this role and their workloads was considered in the context of the legal requirement to assess a commensurate duty and associated allowance rate in the current Members' Allowance Scheme

5.2 The Panel received the following information at the meetings which has informed its conclusions and recommendations:

13 September 2016

- (a) A verbal introduction and overview by the Assistant Director of Transformational Governance on the background to the establishment of the companies and how they are linked to CDC
- (b) A copy of the Chief Finance Officers report to the Executive on Cherwell's approach to working with Council Owned/Influenced companies.
- (c) A copy of the current Members Allowance Scheme
- (d) The Non-Executive Director Specification
- (e) Responses to the Activity Questionnaire (detailed in 5.3 – 5.5 below)
- (f) Addresses by three of the councillor appointed Non-Executive Directors

12 October 2016

- (a) Graven Hill Structure Chart
 - (b) Information from Essex Carer Limited, a Council owned company with Member Non-Executive Directors
 - (c) Comments from a Law and Governance forum on Non-Executive Directors
 - (d) Information from the Graven Hill Partnering Board
 - (e) An address from the Chairman of the Board of Directors of (DEVCO).
- 5.3 The five councillors currently appointed as Non-Executive Directors were requested to complete an Activity Questionnaire, similar to that Members are asked to complete ahead of the annual review of Members' Allowances. The purpose of the Questionnaire is to determine:
- (a) The amount of time councillor appointed Non-Executive Director Members estimate they spent on Graven Hill Company business each week.
 - (b) Councillor appointed Non-Executive Director Member views on the level of remuneration which should be paid; and
 - (c) Whether councillor appointed Non-Executive Director Members would like to address the panel in person.
- 5.4 The Panel was pleased that all five councillor appointed Non-Executive Directors had responded to the questionnaire and that three were able to address the meeting.
- 5.5 Below is an overview of the responses and main conclusions from the questionnaire:
- The responses showed a great variation in the estimates of the time they spent on their roles and Non-Executive Directors, ranging from 2.5 to 13.5 hours per week, and this varied depending on which company the councillor had been appointed a Non-Executive Director
 - The councillor Non-Executive Directors spent an average of 34 hours per month on Graven Hill Duties.
 - 1 member equated the role to that of the Planning Chairman with additional allowance for that of Chairman of sub-committees
 - 1 member suggested a rate of £500-£600 per day. A rate received from another company as a Non-Executive Director
 - 2 members suggested that the role of Non-Executive Director was equivalent to that of Executive Members holding a portfolio
 - travel, subsistence and dependents allowance mirror that of Councillor Allowance

The conclusions drawn by the Panel are informed by all of the information received and the recommendations are set out in the following sections.

6. Remuneration for Councillors Appointed As Non-Executive Directors

6.1 A Basic Allowance is paid to all elected Members and is not relevant to councillor appointed Non-Executive Directors as this is an entirely separate and additional role.

6.2 In considering their recommendations for remuneration, the Panel had due regard to all of the information provided as well as to which current role attracting a Special Responsibility Allowance the Non-Executive Director role was comparable.

6.3 The Panel considered that the level of responsibility was greater for HOLDCO

6.4 The Panel considered the level of workload was greater for DEVCO

6.5 The Panel considered the responsibility and workload for being a director of both HOLDCO and DEVCO was 150% of being on either HOLDCO or DEVCO

6.6 The amount of extra responsibility and workload for Chairman of the Board of Directors of HOLDCO or DEVCO was equivalent to that of Executive Member holding portfolio

6.7 It was assumed that no member would be Chairman of both HOLDCO and DEVCO

6.8 The amount of extra responsibility and workload for a Non-Executive director of HOLDCO or DEVCO was equivalent to that of the Chairman of Planning Committee.

6.9 The Panel acknowledged that these were relatively new roles. The workload of the Non-Executive Directors would fluctuate and the remuneration should be reviewed annually.

6.10 It was also assumed that the allowances would increase in-line with the review of Member Allowances

6.11 Allowances would be paid in the same way as allowances for approved duties undertaken in their capacity as a councillor, but would be recharged to the Graven Hill companies so there would be no cost to the local authority

7.0 Travelling and Subsistence Allowances and Dependent Carer's and Childcare Allowance

7.1 The Panel was requested to assess the level of Travelling and Subsistence Allowances and dependent carer's and childcare allowance.

- 7.2 The Panel noted that all travel rates paid to elected Members are set at the specified HM Revenues and Customs rates and consequently had no implications for the tax liabilities of Non-Executive Directors. Travel rates for motorcycles and motor vehicles are paid regardless of the cc of motor cycle or vehicle concerned.
- 7.3 In relation to Subsistence Allowance, the Panel recalled that when considering these for the Members' Allowance Scheme, they had based subsistence rates on Local Government Association rates.
- 7.4 The Panel's recommendation to increase the dependent carers' of allowance to £20 per hour and the childcare allowance to £10 per hour had been accepted and formed part the current Members' Allowance Scheme.
- 7.5 The Panel agreed that all allowances payable under the Members' Allowance Scheme, namely, travelling, subsistence, dependent carer's and childcare should be at the same level for councillor appointed Non-Executive Directors.
- 7.6 The Panel agree that expenses should be claimed in the same way as expenses for approved duties undertaken in their capacity as a councillor, but should be claimed separately and recharged to the Graven Hill companies so there would be no cost to the local authority

8.0 Allowances for Future Companies

- 8.1 The Panel considered the remuneration of future Council owned/influenced companies which may be established and were of the opinion that each should be considered individually as the workload/responsibility was unknown.
- 8.2 The membership of the panel was discussed and it was considered that due to the increased work of the panel and the possibility of conflict of interests, the size of the panel should be increased.
- 8.3 With regard to the increased workload of the panel, it was requested that an increase in payment to the panel members should be considered.

9.0 Conclusions and Recommendations

- 9.1 The Panel recommended that:
- An allowance of £4200 p.a., equivalent to that of a Planning Committee Chairman should be paid to Non-Executive Directors of HOLDCO
 - An allowance of £4200 p.a., equivalent to that of a Planning Committee Chairman, should be paid to Non-Executive Directors of DEVCO

- An allowance of £6300 p.a., equivalent to that of an Executive member holding portfolio should be paid to a Non-Executive Director holding posts on both HOLDCO and DEVCO.
- An allowance of £6300 p.a., equivalent to that of an Executive member holding portfolio should be paid to a Non-Executive Director who is a Non-Executive Director and Chairman of the Board of Directors.
- An allowance of £8400 p.a., should be paid to a Chairman of one company who is a Non-Executive Director of the other.
- All allowances payable under the Members' Allowance Scheme, namely; travelling, subsistence, dependent carer's and childcare should be at the same level for councillor appointed Non-Executive Directors.

9.2 It was assumed that no Non-Executive Director would be Chairman of both HOLDCO and DEVCO.

9.3 It was assumed that remuneration would increase in-line with Member Allowances.

Mr David Shelmerdine
Chairman
Independent Remuneration Panel
October 2016