

Special Meeting of Council

Tuesday 8 November 2016

Members of Cherwell District Council,

A special meeting of Council will be held at Bodicote House, Bodicote, Banbury, OX15 4AA on Tuesday 8 November 2016 at 6.30 pm, and you are hereby summoned to attend.



Sue Smith
Chief Executive

Monday 31 October
2016

AGENDA

1 Apologies for Absence

2 Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3 Communications

To receive communications from the Chairman and/or the Leader of the Council.

4 Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

Council Business Reports

5 Remuneration for Councillors Appointed as Non-Executive Directors on Graven Hill Companies (Pages 1 - 22)

Report of Head of Law and Governance

Purpose of report

To determine the levels of the allowances to be paid to elected Members who are Non-Executive Directors of Graven Hill Companies for the remainder of the 2016/2017 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP) and to approve a mechanism to ensure the legality of any remuneration that might be paid, in future, to councillor directors on council owned companies.

To consider the size of the Independent Remuneration Panel and the remuneration the Panel members should receive.

Recommendations

The meeting is recommended to:

- 1.1 Consider the proposed allowances and whether the Panel's recommendations should be adopted or modified in any way
- 1.2 Authorise the Head of Law and Governance to prepare an amended allowance scheme, for Councillors appointed as Non-Executive Directors in accordance with the decisions of the Council for implementation
- 1.3 Authorise the Head of Law and Governance to take all necessary action to publicise the Scheme pursuant to The Local Authorities (Members's Allowances) (England) Regulations 2003 (as amended).
- 1.4 Thank the Independent Remuneration Panel and agree to increase the size of the Panel to seven members and to introduce a revised fee for IRP members of £300 for each consultation, capped at a maximum of £1200 per annum.

6 Exclusion of the Press and Public

The following report contains exempt information as defined in the following paragraph of Part 1, Schedule 12A of Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make decisions in public, they are recommended to pass the following recommendation:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

7 Silverstone Heritage Centre

** Please note that this report will follow as it is currently being reviewed and finalised **

Exempt Report of Chief Finance Officer

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to natasha.clark@cherwellandsouthnorthants.gov.uk or 01295 221589 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Natasha Clark, Democratic and Elections
natasha.clark@cherwellandsouthnorthants.gov.uk, 01295 221589

Cherwell District Council

Council

8 November 2016

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| <p>Remuneration for Councillors Appointed as Non-Executive Directors on Graven Hill Companies</p> |
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Report of Head of Law and Governance

This report is public

Purpose of report

To determine the levels of the allowances to be paid to elected Members who are Non-Executive Directors of Graven Hill Companies for the remainder of the 2016/2017 financial year following the submission of the report of the Council's Independent Remuneration Panel (IRP) and to approve a mechanism to ensure the legality of any remuneration that might be paid, in future, to councillor directors on council owned companies.

To consider the size of the Independent Remuneration Panel and the remuneration the Panel members should receive.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Consider the proposed allowances and whether the Panel's recommendations should be adopted or modified in any way
- 1.2 Authorise the Head of Law and Governance to prepare an amended allowance scheme, for Councillors appointed as Non-Executive Directors in accordance with the decisions of the Council for implementation
- 1.3 Authorise the Head of Law and Governance to take all necessary action to publicise the Scheme pursuant to The Local Authorities (Members's Allowances) (England) Regulations 2003 (as amended).
- 1.4 Thank the Independent Remuneration Panel and agree to increase the size of the Panel to seven members and to introduce a revised fee for IRP members of £300 for each consultation, capped at a maximum of £1200 per annum.

2.0 Introduction

- 2.1 During the 2016 review of Member Allowances the Panel were asked to consider remuneration for councillors appointed as Non-Executive Directors of the Graven Hill Companies. At that meeting, the panel were of the view that it was not part of their remit to set these allowances as at the time it was proposed that allowances would have been paid by the companies as opposed to by the council.
- 2.2 At a special meeting of Executive on 18 July 2016, members considered a report on “Cherwell’s Approach to Working with Council Controlled/Influenced Companies” and agreed in principle that non-executive directors and Chairmen of Council owned/influenced should be remunerated by the council (recharged to the companies through a management charge levied on the companies for supplying non-executive directors.) Council remuneration helps ensure transparency; all payments would be made by the council as part of an evaluated and open reported process. The process would not involve non-executive directors on a Board setting their own remuneration. It is in this context the Independent Remuneration Panel (IRP) has been requested to consider the level of allowance to be paid.
- 2.3 A special meeting of the Panel was therefore set up to consider remuneration for councillor’s appointed as Non-Executive Directors on the Graven Hill companies.
- 2.4 The Council is required to have regard to the Panel’s recommendations, but is under no obligation to accept them if they are deemed to be inappropriate. It is open to the Council to decide the levels of the recommended allowance payments for the remainder of 2016/2017 financial year as is considered appropriate.

3.0 Report Details

- 3.1 In the report “Cherwell’s Approach to Working with Council Controlled/Influenced Companies” considered by the Executive on 8 July 2016, the Council set out its approach with regard to appointments to council/owned entities.
- 3.2 Since the Council set up the Graven Hill Companies over two years ago, both the Council (as the majority shareholder of the holding company and, via that company, the controlling shareholder of the development company) and the companies themselves have further developed their attitudes to governance and commercial practice. The companies are focussed on delivering a major mixed use development, including a significant amount of self-build, including affordable housing space and community facilities generating profit that can ultimately be returned to the Council.
- 3.3 It is accepted that through the creation of commercially operating companies controlled by the Council it is encouraged to introduce governance arrangements that reflect best practice of potential private sector competitors, and that recommended by the UK corporate governance code (published by the Financial Reporting Authority), and not to be guided solely by traditional public service values. This particularly extends to the composition and remuneration of a Company Board of Directors

- 3.4 The Graven Hill companies were created with a view to being highly profitable and commercial organisations. In addition a conscious decision was made by the council that the companies would recruit non-executive directors from both the paid executive officers and serving elected members of the Council. This core principle was translated into the articles of association of the companies.
- 3.5 From time to time the question has arisen “should Company (non-executive) directors be remunerated for their responsibilities and contribution to running the business?” At present the non-executive members of the Board of Directors, including the Chairman, of the Companies are not. From discussions with the company and Directors it has become apparent that the level of work and responsibility of non-executive directors is significant and is more akin to the role of a councillor or officer holding a responsible position within the Council, particularly where that non-executive director has taken on the role of Chairman, Vice Chairman or responsibility for finance. For these reasons it is recommended that the Council should remunerate the non-executive directors it nominates.
- 3.6 As the companies have developed the role of the board and the requisite skills, knowledge and experience of non-executive director’s has become clearer. As a result of this the council has adopted a revised way of appointing non-executive directors to ensure that they have a clear expectation of what the role entails and are able to meet the needs of this role. With the introduction of remuneration for non-executive directors the council feels that it is a suitable time to review its existing director nominees and propose further directors to fill vacancies on the boards. In order to carry this out the council has adopted a role profile for non-executive directors (set out at Appendix 2) against which all potential non-executive directors will be independently assessed and recommendations made to the shareholders as to their suitability for the role, prior to the council proposing non-executive directors to the boards of the companies.
- 3.7 It is noted that in order to address the skills and knowledge needs of the boards of Council owned/influenced companies, Boards may want to appoint independent Non-executive Directors and their remuneration and appointment should be a matter for the company themselves to determine.
- 3.8 It should be noted that there are limits to the level of remuneration that a councillor director on a council owned/influenced company may receive. In accordance with the Local Authorities (Companies) Order 1995 any remuneration that a council controlled or influenced company might pay to its councillor directors must not exceed the amount payable to councillors in respect of a comparable duty under the Members’ Allowances Scheme.

Non-Executive Director Allowances: Elected Members

- 3.9 Based on the information provided to the Panel as detailed in appendix 1, it recommends that with regard to elected members serving as non-executive directors on the Graven Hill companies:

(a) the following rates which are comparable to that of the Chairman of Planning Committee, should apply for the remainder of financial year 2016/17 to:

| | 2016/17 |
|---|---------|
| Non-Executive Directors Graven Hill Village Holding Company Limited (HOLDCO) | £4200 |
| Non-Executive Directors Graven Hill Village Development Company Limited (DEVCO) | £4200 |

(b) the following rates which are comparable to that of an Executive Lead Member, should apply for the remainder of financial year 2016/17 to:

| | |
|--|-------|
| Non-Executive Director appointed to both HOLDCO and DEVCO | £6300 |
| Non-Executive Director of either HOLDCO or DEVCO who is also Chairman of the Board | £6300 |

(c) the following rate which is comparable to that of an Executive Member holding portfolio who holds more than one responsibility

| | |
|--|-------|
| Chairman of one company who is a Non-Executive Director of the other | £8400 |
|--|-------|

- 3.10 It is assumed that no Non-Executive Director would be Chairman of both HOLDCO and DEVCO
- 3.11 When the Council considers making recommendations to the companies regarding remuneration levels, consideration should also be given to whether the travel, subsistence, and carers allowances for members attending approved relevant company meetings should be paid. The amount cannot exceed the equivalent rate under the Members' Allowance Scheme and should be submitted on a separate form from those incurred for council business as they will be reclaimed from the appropriate company and not funded by the local authority.
- 3.12 It is recommended 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. It is assumed that remuneration would increase in-line with Member Allowances

The Independent Remuneration Panel

- 3.13 When the fee for Independent Remuneration Panel members was last reviewed (over six years ago), the fee was reduced to £300 as it has become the norm for the Panel to only meet once a year as the members allowance scheme had stabilised since it was introduced in its current form in 2003.
- 3.14 In the last year the Panel has been requested to meet more frequently due to the changes in the way that the local authority is arranged and governed, considering complex information regarding boards and companies. With the creation of further local authority trading companies it is likely that the Panel will continue to be asked to meet more frequently and required to assess the level of remuneration for members serving as non-executive directors of different companies.
- 3.15 It is recommended that due to the increasing workload of the Panel and the possibility of conflicts of interests, the size of the Panel should be increased by two members and it is suggested that a revised fee for IRP members of £300 for each consultation, capped at a maximum of £1200 per annum.

4.0 Conclusion and Reasons for Recommendations

- 4.1 It is the view of the Independent Remuneration Panel that the proposals represent realistic and fair levels of allowance and recommend their adoption.
- 4.2 Any travel, subsistence and carers allowances paid to councillor directors of controlled or influenced companies by the Council should be recharged to the relevant company to which they relate.
- 4.3 Non-Executive Director allowances for elected members should be reviewed annually alongside Member Allowances
- 4.4 The size of the Independent Remuneration Panel should increase to 7 to reflect the increasing workload of the Panel and possible conflicts of interest.
- 4.5 A revised fee for Independent Remuneration Panel members of £300 for each consultation, capped at a maximum of £1200 per annum to reflect the increasing workload of the Panel.

5.0 Consultation

- 5.1 Details set out in appendix 1, Panels Report.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To accept the Panel's recommendations

Option 2: To modify the Panel's recommendations. This is within the Council's discretion as the Panel recommendations are not binding. However it is not recommended as the Panel has considered and justified the recommendations that they have made.

7.0 Implications

7.1 Financial and Resource Implications

The cost of the allowances and expenses claims will come from the companies and will be submitted for processing and recharged to the companies and will be of no additional cost to Cherwell District Council.

- (1) to adopt the recommendations of the IRP; or
- (2) to alter the levels of the allowances under or over and above those recommended by the IRP

The cost of recruiting additional Panel members and paying for additional allowance consultations can be met from existing budgets.

Comments checked by:
Paul Sutton, Chief Finance Officer & S151 Officer, 0300 003 0102
paul.sutton@cherwellandsouthnorthants.gov.uk

7.2 Legal Implications

It is a legal requirement of the Council to consider the recommendations of the Independent Remuneration Panel before setting the level of allowances.

Comments checked by:
James Doble, Assistant Director – Transformational Governance, 01295 221587
james.doble@cherwellandsouthnorthants.gov.uk

7.3 Risk Implications

The Council has invested considerable resources in the Graven Hill project. In order to preserve the Council's interest, it is important to ensure that the companies have suitably skilled and knowledgeable directors.

The proposal set out in this report helps to mitigate that risk through ensuring that members serving as directors are appropriately remunerated. These risks will be managed as part of the services operational risk register and escalated to the corporate risk register as and when necessary.

Comments checked by:
Louise Tustian, Senior Performance & Improvement Officer, 01295 221786
Louise.tustian@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Sound budgets and a customer focused council

Lead Councillor

None

Document Information

| Appendix No | Title |
|---------------------|---|
| 1 | Report of the Independent Remuneration Panel on Non-Executive Director Remuneration |
| 2 | Non-executive Director Role Profile |
| Background Papers | |
| None | |
| Report Author | Lesley Farrell, Democratic and Elections Officer |
| Contact Information | 01295 221591 lesley.farrell@cherwellandsouthnorthants.gov.uk |

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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

Non-Executive Directors Person Specification

The following information has been compiled to assist the council in selecting suitable representatives for the role of non-executive director on companies to which it makes nominations.

Unlike the role of councillor where there is very limited personal liability, the role of Director does involve personal liability and can involve criminal prosecution.

Legal Requirements

An individual is barred from being a Director (without the courts permission) if they are or have:

- Undischarged bankrupts
- Failed to pay under a County Court administration order
- Been disqualified after a company investigation
- The auditor of the company
- The secretary of the company (if they would be the sole trader)

Directors operate within a strict legal framework. There are 7 legal duties placed on a Director by virtue of the Companies Act 2006 these are to act within powers, to promote the success of the company, to exercise independent judgement, to exercise reasonable care, skill and diligence, to avoid conflicts of interest, not to accept benefits from third parties and to declare interests in proposed transactions within the company.

Directors must not pay bribes or receive bribes which are criminal offences under bribery Act 2010 for which Directors are liable for prosecution. Directors also have duties imposed on them by legislation in the areas of taxation, health, safety, the environment and employment.

A Director can be disqualified from being a Director on the following types of grounds for between 2 and 15 years:

- General misconduct; being convicted of an indictable offence in connection with a company; being persistently in default in delivering any sort of document or notice to the Register of Companies; being guilty of fraudulent trading.
- Unfitness; being a director of a company that has become insolvent, or the High Court considers it is in the public interest to make a disqualification order.
- Wrongful trading; being personally liable to contribute to a company's assets because of fraudulent or wrongful trading.

Role

- The supportive role – the director acts as counsellor, advisor, supporter or listener to any aspect of board business.
- The creative role – the director acts as a problem solver, ideas generator, and opportunity organiser or creator.
- The political role – the director acts as a questioner, probe, observer and monitor. Providing constructive critical oversight and challenge.
- The know-how role – the director provides expertise and knowledge of the company and of external contracts.
- The know-what role – the director provides relevant information and facts that help the company.
- The know-who role – the director brings useful personal contacts.
- The influencer and ambassador role – the director is influential because of his or her reputation and standing, or through their ability to influence other people or organisations.

(From IOD, Role of the Director and the Board)

Behaviours

- Inspiring shared purpose – create a shared purpose for individuals doing different work, inspiring them to believe in shared values.
- Evaluating information – are open and alert to information, investigating what is happening now so that they can think in an informed way about how to develop proposals for improvement
- Connecting services – understand how things are done in different teams and organisations; they recognise the implications of different structures, goals, values and cultures so that they can make links, share risks and collaborate effectively.
- Sharing vision – convey a vivid and attractive picture of what everyone is working towards in a clear, consistent and honest way, showing a high level of commitment to the company.
- Engaging the team – promote teamwork and a feeling of pride by valuing contributions and ideas.
- Holding to account – create clarity about their expectations and what success looks like in order to focus people's energy, give them freedom to manage

within the demands of their job, and deliver improving standards of service.

- Developing capability – champion learning and capability development so that they and others gain the skills, knowledge and experience they need to meet the future needs of the service, develop their own potential, and learn from both success and failure.
- Influencing for results – build networks of influence and plan how to reach agreement about priorities, allocation of resources or approaches to service delivery.
- Championing the standards of conduct – uphold the highest standards of conduct and displaying the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- Exercising independent judgement - demonstrating independence, impartiality and acting as a sounding board and external view point on strategy, resources, performance, risk and financial controls.

(Adapted from NHS Leadership model)

Knowledge and Experience

- Experience as a non-executive Director in the private or public sector
- Experience of working in a commercial environment
- Experience of Business relations
- Experience of law and/or corporate governance
- Experience of financial management
- Experience of audit and risk management
- Experience of Sales and Marketing
- Experience of public relations
- Experience as a representative of shareholders/ stakeholders
- Experience of operations management
- Experience of leadership and strategic decision making
- Experience within the relevant business sector of the company

Time commitment

The time commitment for a Non-executive Director will vary based on the company to which they are appointed, their role on the board and the committees to which they are appointed. However, generally speaking and on average a Non-Executive Director would be expected to attend monthly meetings of around 2 hours duration which are generally held in working hours or at other times at the discretion of the board. Additionally, 2 – 3 days per month outside of meetings. An indication of the how this time commitment might be spent is set out in Appendix 1.

The person specification as set out above can be used to evaluate and assess individuals who are willing to serve as Directors in order to ensure that they are eligible to serve and also to ensure that they have the required availability, skills, knowledge and experience in order to ensure the success of the companies to which they are appointed.

It is intended that such an assessment would be carried out by an appropriately skilled third party organisation in order to ensure objectivity, impartiality and objectivity.

Appendix 1

The following is an indicative list of how Directors might spend their 2 to 3 days per month.

- Serving on committees such as Audit Committee
- Attending Board meetings
- Attending meetings on behalf of the board
- Attending meetings with Directors and Senior managers
- Reading papers and reports
- Attending sales and marketing events
- Attending training and development activities
- Attending company promotional events
- Making site visits
- Carrying out research on behalf of the company
- Providing advice to the company
- Meeting and engaging staff
- Taking part in promotional activities
- Attending fact finding visits

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