

This report is public	
Graven Hill Village Development Company (GHVDC) – Bonus Scheme 2024/25 Update - Matters requiring the consent of the Council	
Committee	Shareholder Committee
Date of Committee	26 June 2024
Portfolio Holder presenting the report	Leader of the Council, Councillor David Hingley
Date Portfolio Holder agreed report	Briefing on 24 June 2024
Report of	Stephen Hinds, Director of Resources

Purpose of report

To brief the Committee regarding progress with improved governance of executive remuneration and seek its agreement to a number of recommendations about the bonus scheme and payments in accordance with it.

1. Recommendations

The **Shareholder Committee** is recommended to:

- 1.1 Accept GHVDC's Remuneration Committee's proposed bonus payments for 2023/24.
- 1.2 Endorse the principles and approach set out in the company's confidential reports attached as Confidential Appendix 1 to this report.
- 1.3 Ask the Remuneration Committee to review the scheme each year before the bonus appraisal process commences and advise the Shareholder Committee of any changes.
- 1.4 Ask the Remuneration Committee to ensure that the benchmarking exercise is repeated periodically in accordance with sector best practice to ensure that the scheme remains consistent with good practice in the market.
- 1.5 Specify that changes to the bonus scheme for future years must be submitted to it for its approval before being implemented and before the financial year to which it relates.

2. Executive Summary

- 2.1 The report sets out the recommendations of Graven Hill's Board for bonus payments to senior executives for the year 2023/24 and seeks approval for the Bonus Scheme for 2024/25.

Implications & Impact Assessments

Implications	Commentary			
Finance	The council and Graven Hill work closely together to ensure that the financial implications of Graven Hill's business plan are reflected in the council's Medium Term Financial Strategy. There are no additional financial implications as a result of this report. Michael Furness, Assistant Director of Finance (S151 Officer). Email: Michael.furness@cherwell-dc.gov.uk . Dated:17 May 2024			
Legal	The company has benefited from an independently carried out benchmarking exercise on pay packages, which has been considered by the company's Remuneration Committee. This benchmarking level should convince the Committee that the payments align with market expectations. Shahin Ismail, Interim Head of Legal Services. Email: Shahin.ismail@cherwell-dc.gov.uk . Dated:16 May 2024			
Risk Management	There is no risk arising directly from this report. Risk of rejection of the proposal, as per paragraph 5, and any further arising risks will be managed through the service operational risk and will be escalated to the Leadership Risk Register as and when deemed necessary. Celia Prado-Teeling, Performance Team Leader. Email: celia.prado-teeling@cherwell-dc.gov.uk . Dated: 20 May 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		The proposal is compliant with the Equality Act 2010 Celia Prado-Teeling, Performance Team Leader.
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		

Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	Business Plan - <i>Housing that meets your needs</i>			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 In accordance with the Shareholders' Agreement between Cherwell District Council (The Council), Graven Hill Village Holdings Limited (GHVH) and Graven Hill Village Development Company (GHVDC) no action shall be taken or resolution passed by a Company in respect of matters except with the prior and express consent of the Council.
- 3.4 The Reserved Matters are important decisions affecting the companies which the Council has reserved for itself, rather than delegated to the company. They are designed to ensure good oversight and governance.
- 3.5 Reports on reserved matters should be presented to the Shareholder Committee for its approval and should be expressly marked 'Reserved Matter approval', to distinguish them from 'business as usual' reporting.

4. Details

- 4.1 On 05 July 2023 the Shareholder Committee asked for early sight of the proposed bonus scheme by October 2023 (exempt minutes 10 refers). On 13 March 2024, the company presented the principles on which the bonus scheme would be based, and the Committee asked for the full scheme to come forward to this committee (public minutes 41 refers).

- 4.2 The Shareholder Committee was keen to ensure that decisions on executives' bonus payments were well-founded and consistent with good practice in the market.
- 4.3 Following the council's Governance Review, the company has established a Remuneration Committee ("RemCo") to oversee executives' remuneration. The Committee is chaired by a non-executive director.
- 4.4 The RemCo commissioned a benchmarking exercise from respected human resources consultants operating in the housing development marketplace and has been assured that its remuneration structure and bonus proposals are consistent with market rates and well-structured to incentivise productive and sustainable approaches to delivery.
- 4.5 The suite of papers that the Company Board considered, including the benchmarking report, are attached as Confidential Appendix 1 to this report.
- 4.6 An effective, proactively overseen bonus scheme will not need to fundamentally revise its core elements annually. Each year, RemCo will use the scheme to determine appropriate payments, which will be referred to this Committee for final decision.
- 4.7 The RemCo should review the scheme annually before commencing the appraisal process and refresh the benchmarking information it relies on periodically, and the Company should budget for this.

5. Alternative Options and Reasons for Rejection

- 5.1 The Committee could reject the assessed bonus payments and not adopt a bonus scheme for 2024/25. However, this is not recommended as the independent benchmarking suggests bonuses and the payments recommended are in line with market expectations, and there would be a risk that the company would lose well-performing staff.

6 Conclusion and Reasons for Recommendations

- 6.1 The recommendations are intended to confirm the Committee's consent to the company's improved arrangements and ensure the appropriate balance between shareholder oversight and company independent decision-making.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

--	--

Document Information

Appendices	
Appendix A	Confidential appraisal documents relating to staff
Background Papers	None
Reference Papers	None
Report Author	Shahin Ismail, Interim Head of Legal Services
Report Author contact details	Shahin.ismail@cherwell-dc.gov.uk