

Report of: The Meeting of the Independent Remuneration Panel of Blackpool Council

To: Blackpool Council

Review of the payments to non-executive directors of Blackpool Council's wholly owned companies

1. Introduction

- 1.1 A full review of the Members' Allowances Scheme was undertaken by the Independent Remuneration Panel in late 2014 and early 2015 and the Panel's recommendations were agreed by Full Council in July 2015. As part of the review, the Panel considered whether there should be payments made to Non-Executive Directors who serve on Council companies.
- 1.2 Following recommendations from the Panel, Full Council agreed a payment of £2,500 per annum for Non-Executive Chairmen and £1,000 per annum for other Non-Executive directors, which was to be reviewed in 12 months time.
- 1.3 In line with this recommendation, the Panel was asked to meet to review the current remuneration paid to Non-Executive Directors of Blackpool Council's wholly owned companies.
- 1.4 The meeting took place on 24 October 2016 and comprised:
 - Mr Peter Whitehead (Chairman)
 - Mr Tony Mozley
 - Mrs Helen Hockenhull
 - Mr Greg Molyneux
- 1.5 Also in attendance were:
 - Mr Mark Towers, Monitoring Officer
 - Ms Catherine Jones, Member Services Officer

2. Background

- 2.1 Since the full review of the Members Allowances Scheme, there had been two new members appointed to the Panel. At the original review, the Panel had noted that in a growing number of Councils, particularly unitary and county councils, increased functions and services were divested in council 'wholly owned' companies. This allowed those companies to act with some independence and with greater powers and autonomy over income and business development.
- 2.2 The importance of the roles of Chairmen and the Non-Executive Directors appointed had also been noted and the position and accountability that their roles held. The Council and the companies had sought to appoint independent directors to the relevant Boards and this had proved difficult given that no remuneration had previously been paid for such roles.

- 2.3 Following recommendation from the Panel, Full Council had agreed that companies make a payment of £2,500 per annum for Non-Executive Chairmen and £1,000 per annum for other non-executive directors, which was to be reviewed in 12 months time. One of the reasons the Panel had recommended a review was because this was a new area the Panel was being asked to look at and that the ALMO Board Governance Survey, which had been used to inform the recommendations, was dated 2010 and another survey was due to be done in the next 12 months. These payments (except for Blackpool Transport Services) fell outside of the Members Allowances Scheme and councillors would therefore qualify for payment. Payments were to be uplifted in line with the National Joint Council for Local Government Pay award and made by the companies.

3. Considerations

- 3.1 The Panel noted that the Council had five wholly owned Council companies with the Board size ranging from eight to 12. All Board members were Non-Executive, except for Blackpool Transport Services, where the three executive directors also served on a Board of nine Directors.
- 3.2 In the last 12 months, each of the five Companies had adopted a model Governance Framework, to help define their roles and responsibilities and set the expectations for Board members. All five Companies also now had an Audit Committee and an Appointments and Remuneration Committee constituted.
- 3.3 The workload of Board members was discussed, including the time dedicated to the roles, frequency of meetings and the different levels of responsibility for the Chairmen and other Board Members. It was considered that the introduction of remuneration had made a difference to the retention and recruitment of Board Members.

4. Benchmarking information

- 4.1 The Panel was provided with information on good governance framework in relation to the wholly owned companies and the summary findings of the ALMO 2016 Board Governance Survey, published on 4 October 2016, with particular reference to Part 3: Payment methods for Chairmen and Board Members, which compared different levels of payments for these positions.

5. Treatment of allowances

- 5.1 The Panel looked at payments referenced in the ALMO Board Governance Survey 2016 and there was a general commitment from the Panel to moving towards average payment in line with the ALMO survey.
- 5.2 The Panel also considered if the allowances for Non-Executive Board Members should increase in line with the pay award. However, as the allowances would be reviewed in 18 months time, it was felt appropriate to keep them separate to the National Joint Council for Local Government Pay award, therefore not receive the annual increase.

6. Conclusions

6.1 In making recommendations the Panel took into account the following factors:

- the comparative information from the ALMO Board Governance Survey 2016
- that the Non-Executive Director roles were relatively new, therefore still developing
- there was a view to revisit the allowances when the board roles were more established

7. Recommendations to Blackpool Council

7.1 That the remuneration for Non-Executive Chairmen be set at £3,500 per annum and £1,750 for other Non-Executive Directors, with affect from 1 April 2017.

7.2 That the payments be reviewed 18 months from the 1 April 2017 and be kept separate to the National Joint Council for Local Government Pay award, therefore not receive an annual increase.

Mr Peter Whitehead, Chairman
Mr Tony Mozley
Mrs Helen Hockenhull
Mr Greg Molyneux