

<b>Report to:</b>	<b>SHAREHOLDER'S ADVISORY BOARD</b>
<b>Relevant Officer:</b>	Antony Lockley, Director of Strategy and Assistant Chief Executive Mark Towers, Company Secretary
<b>Date of Meeting:</b>	1 March 2018

## NON-EXECUTIVE DIRECTOR AGREEMENTS

### 1.0 Purpose of the report:

- 1.1 To consider a draft agreement for Independent non-executive directors of wholly-owned companies.

### 2.0 Recommendation(s):

- 2.1 To endorse the principle of Non-Executive Director Agreements for wholly-owned companies.
- 2.2 To recommend that the Assistant Chief Executive / Director of Strategy invites the independent non-executive directors appointed for Blackpool Transport Services and the two longest serving independent non-executive directors for Blackpool Entertainment Company to reapply for their roles as they are into their third year of office and should they be successful then they be asked to sign the agreement.
- 2.3 To request that all other independent non-executive directors sign up to the agreement and any newly appointed in the future.
- 2.4 To recommend that an agreement for Councillor non-executive director posts be considered following the 2019 local elections and a further report be brought back regarding Blackpool Coastal Housing Ltd and the independent Board Directors who serve on that Board.

### 3.0 Reasons for recommendation(s):

- 3.1 To help set out the role and expectations of non-executive directors and to establish a framework of standard terms and conditions and codes of behaviour across the Company group.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, other than no agreement in place.

#### **4.0 Council Priority:**

4.1 This report covers all of the Council's priorities.

#### **5.0 Background Information**

5.1 It is good practice and becoming increasingly common to have in place agreements relating to the tenure of its non-executive directors and the standards and commitment of what is expected for them.

5.2 This idea of an agreement is based upon principles of good governance and helps to ensure that both the Shareholder and the Board directors are clear on the rights and obligations of the non-executive director position.

5.3 Typically such agreements would cover areas such as conditions of service (appointments, terms of office, remuneration etc) and can cover areas relating to conduct (behaviour, conflicts of interests, confidentiality clauses etc). Many of these areas have been included in the proposed document along with an emphasis on the importance of independence for the role.

5.4 Attached at Appendix 3(a) is the proposed agreement for independent non-executive directors of the Council's wholly owned companies. This document would sit alongside the other company governance documents that are already in place including the governance framework and conflicts of interest policy.

5.5 To ensure consistency of practice across the company group, it is suggested that all independent directors (new and existing) be asked to undertake and sign the agreement as a condition of their appointment, with the exception for the time being of the non-executive board members of Blackpool Coastal Housing and this be a report back to a future meeting. Blackpool Coastal Housing currently has tenant directors and an Annual Meeting and it is recommended that a separate report be brought back on this company.

5.6 There are independent directors in two companies (Blackpool Transport Services Ltd and Blackpool Entertainment Company Ltd), who are either into their third year of office or are just about to conclude the three year term and it is recommended for

these independent directors, that they be asked to reapply for their roles prior to being asked to sign an agreement.

5.7 Councillor non-executive directors will be bound by their elected members' code of conduct whilst undertaking their role as a non-executive director (in relation to behaviour), however it is considered in line with good practice that a review be undertaken as to whether other matters in the proposed Agreement for independent non-executive directors could be applied for councillor non-executive directors. It is recommended that a report be brought back to a future meeting and any future change take effect after the 2019 local elections.

5.8 Does the information submitted include any exempt information? No

5.9 **List of Appendices:**  
Appendix 3(a) – Draft Non-Executive Director Agreement

**6.0 Legal considerations:**

6.1 The Companies Act 2006 sets out the legal duties of non-executive directors. The proposed agreement adds to this in setting out local expectations of Blackpool Council as Shareholder of the company group.

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 There are no financial implications associated with this report.

**10.0 Risk management considerations:**

10.1 The document helps to mitigate risk associated with the non-executive director role and includes provisions on confidentiality, conduct and data protection.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 The Shareholder Advisory Board itself a consultative body for the Executive in undertaking the Shareholder role.

**13.0 Background papers:**

13.1 None.