

REPORT TO:	Council
DATE:	22 May 2024
SUBJECT:	Appointment of an Independent Non-Executive Director to the Public Sector Partnership Services Board and approval for PSPS to provide non-Council employee Non-Executive Director remuneration.
PURPOSE:	To approve the appointment of an Independent Non-Executive Director to the Public Sector Partnership Services Board to support the company's development; and to provide approval for PSPS to have discretion in regard to remuneration for non-Council employee Non-Executive Directors.
PORTFOLIO HOLDER:	CLlr Graham Marsh, Deputy Leader of the Council
REPORT OF:	James Gilbert, Assistant Director - Corporate
REPORT AUTHOR:	James Gilbert, Assistant Director - Corporate
WARD(S) AFFECTED:	N/a
EXEMPT REPORT?	<i>The report is Open.</i> <i>APPENDIX A - This Appendix is Exempt by virtue of paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 because it contains information which is likely to reveal the identity of an individual, or information relating to the business or financial affairs of any particular person (including the authority holding that information).</i>

SUMMARY

Under the terms of the Joint Venture Shareholder Agreement between East Lindsey District Council and South Holland District Council for the establishment and operation of Public Sector Partnership Services, the Councils, as founding shareholders, retain a provision to appoint one Independent Non-Executive Director each to the company's board. This provision hasn't been exercised previously by either Council.

Following a skills review of the current company Board, it has been identified by PSPS that the Board would benefit from Independent Non-Executive Directors.

The company, on behalf of the Councils, has undertaken a process to seek a suitably qualified / skilled individual to join the Board and this report proposes the appointment of the candidate identified at Appendix A as the Council's Independent Non-Executive Director.

East Lindsey District Council is considering its own Independent Non-Executive Director appointment too. The three PSPS Shareholding Councils and the company have worked closely to seek suitably qualified and experienced individuals to undertake the roles.

This report also seeks approval for PSPS to be granted discretion to remunerate non-Council employee Non-Executive Board Directors.

RECOMMENDATIONS

1. That Council approves the appointment of the candidate identified at Appendix A as its Independent Non-Executive Director on the Public Sector Partnership Services Board.
2. That Council, as a founding Shareholder to PSPS, and subject to the same decision by the other founding Shareholder, requests the Assistant Director – Corporate write to PSPS to grant the company discretion to remunerate non-Council employee Non-Executive Directors.

REASONS FOR RECOMMENDATIONS

- To provide additional skills and experience on the PSPS Board.
- To support the development of the company as an important asset of the Council and wider-Partnership; and to give it wider freedoms in terms of how it operates its Board.

OTHER OPTIONS CONSIDERED

- Do nothing – discounted, as a need has been identified for Non-Executive Director input and is best practice. The candidate proposed will bring new views, skills and ideas to support the Board.
- Not to grant authority to PSPS to determine remuneration arrangements for non-Council employee Non-Executive Directors. This was discounted as it is felt the company needs the flexibility on this matter.

BACKGROUND

- 1.1** Public Sector Partnership Services (PSPS) is a company wholly owned by Boston Borough Council, East Lindsey District Council and South Holland District Council. The company began the delivery of services in 2009 to East Lindsey and South Holland Councils.
- 1.2** The founding shareholders are East Lindsey District Council (Shareholder A) and South Holland District Council (Shareholder B) and those Councils are signatories to the Joint Venture Shareholder Agreement that underpins PSPS's operation. Boston Borough Council (Shareholder C) took its shareholding in 2021.
- 1.3** Company shareholding is split: Boston Borough Council (24%); East Lindsey District Council (48%) and South Holland District Council (28%).

- 1.4** The Joint Venture Shareholder Agreement sets out the provisions for how the company functions, including the allocations to the Board of Directors.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

- 1.5** As founding shareholders East Lindsey District Council and South Holland District Council have a provision under the Joint Venture Shareholder Agreement to appoint one Independent Non-Executive Director each to the company Board. This provision hasn't previously been exercised by either Council.
- 1.6** Following discussions between the Councils and company, it is felt that bringing additional skills and experience to the Board at this stage in the company's development would be of benefit.
- 1.7** Both East Lindsey District Council and South Holland District Council have therefore sought suitable candidates for the appointments of an Independent Non-Executive Director each and this report proposes this Council's appointment.
- 1.8** PSPS has undertaken the recruitment exercise on behalf of the Councils and identified through a skills review of the present company Board the type of skills and experience that would be of benefit.
- 1.9** The review identified that the Board could be strengthened with the addition of greater legal, ICT and accounting skills and knowledge.
- 1.10** An external advertisement was published and 41 individuals expressed an interest.
- 1.11** The 41 applications were long listed to 16 by the PPS Chief Executive, PPS Head of HR and Organisational Development and the Council's Assistant Director – Corporate.
- 1.12** A shortlisting then took place with 6 candidates invited to interview with the Chairman and Vice-Chairman of the PPS Board and relevant Portfolio Holders, supported by HR colleagues.
- 1.13** Following the process, the identified candidate proposed to be this Council's Independent Non-Executive Director is identified at Appendix A along with supporting information.
- 1.14** The Independent Non-Executive Director role was advertised with a remuneration package of £4,000 to reflect the quantity of work required. This is in line with Independent Non-Executive Director remuneration in similar organisations.

Remuneration to non-Council employee Non-Executive Directors

- 1.15** For PPS to remunerate Non-Executive Director roles it requires the approval of both founding Shareholder Councils (ELDC/SHDC), as set out in the Joint Venture Shareholder Agreement.

1.16 Whilst Council employed Non-Executive Directors wouldn't be remunerated as it is considered an extension of their employment, it is recommended that the Board be granted discretion to remunerate its wider Non-Executive Directors.

1.17 Councillors on the PSPS Board of Directors are at present not remunerated. This was considered by the Independent Remuneration Panel. The Panel decided not to propose an allowance as part of the Member Scheme of Allowances as it was considered an outside appointment and therefore a matter for the company to consider.

CONCLUSION

That the appointment of the candidate at Appendix A would be a positive addition to the PSPS Board, bringing additional required skills and knowledge.

The flexibility to remunerate Non-Executive Directors is usually a matter for a company to determine and this report seeks to give that discretion to PSPS going forward.

EXPECTED BENEFITS TO THE PARTNERSHIP

Support the jointly owned company in its ongoing development.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

Support the jointly owned company in its ongoing development.

CORPORATE PRIORITIES

Efficient and Effective

STAFFING

None

WORKFORCE CAPACITY IMPLICATIONS

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

This appointment is a matter for Council.

DATA PROTECTION

None

FINANCIAL

As set out in the body of the report.

RISK MANAGEMENT

None

STAKEHOLDER / CONSULTATION / TIMESCALES

Leaders of the Council

Public Sector Partnership Services

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

None

ACRONYMS

None

APPENDICES	
Appendices are listed below and attached to the back of the report: -	
EXEMPT - APPENDIX A	Proposed Independent Non-Executive Director

BACKGROUND PAPERS	
Background papers used in the production of this report are listed below: -	
Document title	Where the document can be viewed
N/a	

CHRONOLOGICAL HISTORY OF THIS REPORT	
Name of body	Date
N/a	

REPORT APPROVAL

Report author:	James Gilbert, Assistant Director - Corporate
Signed off by:	James Gilbert, Assistant Director - Corporate
Approved for publication:	CLr Graham Marsh, Deputy Leader of the Council