



<b>REPORT TO:</b>	Council
<b>DATE:</b>	15 May 2024
<b>SUBJECT:</b>	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.
<b>PURPOSE:</b>	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.
<b>PORTFOLIO HOLDER:</b>	Cllr Nick Worth, Leader of the Council
<b>REPORT OF:</b>	James Gilbert, Assistant Director - Corporate
<b>REPORT AUTHOR:</b>	James Gilbert, Assistant Director - Corporate
<b>WARD(S) AFFECTED:</b>	N/a
<b>EXEMPT REPORT?</b>	Y  The Appendices to this report are exempt by virtue of Paragraphs 1 (Information relating to any individual) and 2 (Information which is likely to reveal the identity of any individual)

## 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.

South Holland 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 PPS'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

<b>APPENDICES</b>	
Appendices are listed below and attached to the back of the report: -	
APPENDIX A (Exempt)	Proposed Independent Non-Executive Director

<b>BACKGROUND PAPERS</b>
No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

<b>CHRONOLOGICAL HISTORY OF THIS REPORT</b>
A report on this item has not been previously considered by a Council body.

<b>REPORT APPROVAL</b>	
Report author:	James Gilbert, Assistant Director - Corporate
Signed off by:	James Gilbert, Assistant Director - Corporate
Approved for publication:	Cllr Nick Worth, Leader of the Council