

North East Derbyshire District Council

Cabinet

7th July 2022

**INDEPENDENT DIRECTORS OF RYKNELD HOMES LTD - REMUNERATION
REVIEW**

**Report of Councillor C Renwick, Portfolio Holder for Housing and Community
Safety**

Classification: This report is public

Report By: Assistant Director of Governance and Monitoring Officer

Contact Officer: Director of Finance and Resources (Section 151 Officer)

PURPOSE / SUMMARY

Rykneld Homes Limited, the Housing Company owned by the Council, has reviewed the remuneration of the Independent Members of their Board. In order to implement the outcomes of the review they must obtain the Council's agreement. This report seeks the Council's approval.

RECOMMENDATIONS

1. To consider the recommendation from Rykneld Homes Limited to increase the remuneration of the Independent Board Member on the Rykneld Homes Limited Board.

Approved by the Portfolio Holder – Cllr Renwick, Cabinet Member for Housing and
Community Safety

IMPLICATIONS

Finance and Risk: Yes No

Details:

If approved, the recommendation would result in an increase to RHL's budgets of £5,178 for Independent Board Members' remuneration.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

Under the 2020 Articles of Association for Rykneld Homes Limited (RHL), it is for the Council to approve the level of remuneration for the Independent Board Members.

On Behalf of the Solicitor to the Council

Staffing: Yes No
Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|--|---------------------|
| <p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p> | No |
| <p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p> | No |
| <p>District Wards Significantly Affected</p> | None directly |
| <p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p> | Yes Details: |

Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

No direct links

REPORT DETAILS

1 **Background** (reasons for bringing the report)

- 1.1 Rykneld Homes Limited (RHL) have carried out a review of the remuneration paid to the Independent Board Members. There are two kinds of Board Member on the Rykneld Board. These are Parent Board Members (Council Directors) and the Independent Board Members. This report relates to the remuneration of the Independent Board Members only.
- 1.2 The original decision on remuneration was made in 2012. These amounts have not been reviewed or changed since then.
- 1.3 The amounts appear in the Company's annual accounts and are currently:
- | | |
|--------------------------|---------|
| Council nominated Chair | £8000 |
| Board Members (6 in all) | £2000 |
| Total | £20,000 |
- 1.4 Travel expenses can also be claimed.
- 1.5 Board Members are expected to attend 5 Board meetings and 5 Working Groups through the year.
- 1.6 It is proposed by RHL that, if agreed, the changes to the Independent Board Members' remuneration will be implemented from 1st April 2022. Clearly this is a backdated increase if approved with this date.
- 1.7 RHL have engaged a company called Inbucon. At Appendix1 is their own description of what they do and their ethics together with a brief history of the company. This company has carried out a review of the Board Members remuneration.
- 1.8 Comparisons have been made with the sector by turnover, number of homes and location for lower, median and upper quartile Board Members' remuneration.

The reasons for having a fee which are stated in the report include:

- Attracts and rewards incumbents with key skills and corporate governance experience;
 - Attracts a higher calibre of applicant;
 - Increases attendance levels at meetings;
 - Puts greater accountability and responsibility on individual Board Members, and
 - Enforces an expectation of commitment and involvement.
- 1.9 Under Rykneld's Articles of Association there must be three Independent Members of the Board who cannot be Elected Members or employees of the Council or Rykneld.

2. Details of Proposal or Information

- 2.1 The recommendation agreed by the RHL Board is to increase the 3 Independent Board Members' remuneration to £3,726 per annum. This is the lowest figure in the lower quartile for Board Members in Inbucon's research. However Inbucon do make the point that just by paying a fee, RHL is above the market.
- 2.2 This will result in an increase in the Directors budget of £5,178 in total.
- 2.3 At this stage there has been no RHL recommendation on the review of the Chair and Council Directors' remuneration. Comparative figures for these are given in the Inbucon report. However, an increase in the remuneration for Council Directors has not been proposed and is not currently being considered. A decision to approve the increase for the Independent Members would result in the two kinds of Directors being paid different amounts.

3 Reasons for Recommendation

- 3.1 RHL are clear that they think the increase necessary in order to ensure the retention of existing professional skill set for the full term allowable for Independent Members. It will also ensure that RHL has a strong recruiting position for any vacancies in the future. When recruiting to the Independent Board Members' role, RHL believe they are competing with the private, housing and public sectors for skilled professional Board Members.

4 Alternative Options and Reasons for Rejection

- 4.1 RHL have considered and rejected the option to do nothing as this will not achieve their objectives.
- 4.2 Increase by a lesser amount. This was rejected as not being enough to ensure recruitment but still being an increase in budget.
- 4.3 To change the date of implementation. This could be agreed now and brought into effect at some date in the future

DOCUMENT INFORMATION

| Appendix No | Title |
|---|---|
| 1 | Description of Inbucon who provided the data. |
| | |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers) | |
| RHL Board report Inbucon report | |

Appendix 1



About Us

Our Vision

Our Vision is to develop our business as a long term independently controlled family enterprise that will contribute positively to society both ethically, socially and economically.

Our business will help people grow and develop allowing them to achieve their best for the benefit of everyone.

Our Mission

To be the 'go to' provider of remuneration data and consulting advice for the Third Sector and SMEs through investing in better ways of doing things allowing us to provide excellent quality remuneration consulting advice and data in a timely fashion at a reasonable and transparent cost.

Our Values

While we may all contribute to the business in different ways and with different skills we believe that each individual is equal.

We believe that individuals will contribute their best when encouraged to develop their strengths (rather than focus on weaknesses) working within a non hierarchical but supportive structure.

We believe that individuals should have lives that are a proper balance between work and home. We therefore seek to provide flexible responses and systems to achieve this value.

We seek to support the mental and physical well being of all those in the business believing this to be both a collective business and individual personal responsibility to those around us.

We believe that it is our duty to consider others less fortunate wherever in the world and make a contribution to making life better for others.

We are a business that is always ethical, whatever the pressures, demands or consequences.

Our History

We can trace the history of parts of our organisation back to 1927. Its current ownership dates from 1997 when The Brooks Partnership (TBP) was founded. TBP established Meis Ltd providing executive compensation advice and subsequently acquired Inbucon from Lorien plc. Inbucon is a brand known for remuneration advice and remuneration surveys.

The re-structuring of the business in 2009 and the creation of TBP2 Limited secured the business' long term independence as a founder family controlled business. The business is now in its second generation of management.

The last decade has seen TBP2 develop a number of innovative remuneration tools, not least the Meis online database. This decade has seen our first venture into Europe with the establishment of an European operation.