



GOP 8.0

Wokingham Companies - Director Selection, Performance & Remuneration Policy

Purpose

This document provides a governance framework for the Directors of Wokingham and its subsidiary companies to select, assess and manage performance, and as a planning and evaluation tool for current & future performance.

This policy applies to all Directors (Executive & Non-Executive) of:

- WBC (Holdings) Limited
- Wokingham Housing Limited
- Loddon Homes Limited
- Optalis Holdings Limited
- Optalis Wokingham Limited
- Optalis Limited



Version	Date	Description
1	01/10/15	New Policy
1.1	28/10/15	GE comments
1.2	06/11/15	AC comments

Document Approvals	
Author:	Sarah Swindley
Approval:	WBC (Holdings) Limited

Contents

1. Definitions used in this document	3
2. Selection.....	3
3. Performance Framework	4
4. Remuneration	4

1. Definitions used in this document

- 1.1 Under the current structure of the wholly owned subsidiary companies, the definitions for the Director posts are:
- 1.1.1 **Non-Executive Director**
A member of the board who is not an employee of the company but is brought in to advise the other directors.
 - 1.1.2 **Executive Director**
A member of the board who is also an employee with a specified area of responsibility
- 1.2 Selection: The tools by which we identify and select new Directors.
- 1.3 Performance Framework: The tools by which the Directors contribution is discussed and assessed.
- 1.4 Remuneration: May include salary, performance related pay (PRP) or allowances depending upon the role and context and will be clearly stated in that section of the policy. This policy does not cover the remuneration of other employees of the subsidiary companies, nor agency workers or self-employed consultants.

2. Selection

2.1 Non-Executive Directors

- 2.1.1 Appointments as a Non-Executive Director will depend on the skills gap within a Board of Directors and whether to advertise or approach suitable know candidates will be the decision of that board.
- 2.1.2 All appointments on subsidiary companies will be subject to approval of WBC (Holdings) Limited.
- 2.1.3 Appointments to WBC (Holdings) Limited will be subject to the approval of the Leader of the Council.
- 2.1.4 The basic role description and skills of the Non-Executive Director is attached in Appendix 5 and the IOD annexure. The basic description will be modified to reflect the requirements of the company, any skills gap or specific requirements of the role.

2.2 Executive Directors

- 2.2.1 The recruitment and selection of Executive Directors will be conducted in a fair, effective, and economic manner, and be compliant with all Equal Opportunities legislation. The Chair of the subsidiary company will seek advice from WBC HR and the selection panel will be agreed with WBC (Holdings) Limited which may comprise of members of the following:
 - Directors from the subsidiary company
 - Director representation from WBC (Holdings) Limited
 - A senior Council officer
 - A senior officer from Human Resources
- 2.2.2 All appointments will be subject to approval of WBC (Holdings) Limited.

3. Performance Framework

3.1 Who conducts the reviews

Responsibility for conducting performance reviews is aligned with the company structures (See Appendix 1) and therefore:

Reviewer	Reviewee
Leader	Chair of WBC (Holdings) Limited
Chair of WBC (Holdings) Limited	Chairs of subsidiary companies Directors of Wokingham (Holdings) Limited
Chairs of subsidiary companies	Directors of subsidiary companies

3.2 Performance Framework for Non-Executive Directors

3.2.1 The aim of the performance framework for Non-Executive Directors is to assess effectiveness as a Board member in order to determine whether to recommend renewal of their Directorship for a further period. This assessment will be documented using Appendix 2 and focuses on 3 key themes:

- Level of contribution
- Behaviours
- The financial performance of the company

3.2.2 Performance will be reviewed annually within one month of the publication of accounts.

3.3 Performance Framework for Executive Directors

3.3.1 The performance framework for Executive Directors has been designed to:

- Review the Director's performance over the 12 month review period.
- Discuss and agree upon objectives and development actions for the ensuing 12 month period.
- Objectively evaluate the Director's performance such that any base pay increase and, if applicable, bonus recommendations can be made.

3.3.2 This framework consists of 2 documents:

- Performance Assessment Tool (Appendix 3)
- If applicable, the Performance Related Pay Scheme (Appendix 4)

3.3.3 Once reviewed, the documentation will be forwarded to WBC Human Resources to be held on the Directors personnel file.

3.3.4 Reviews should be completed within one month of the publication of the company's accounts.

4. Remuneration

4.1 Non-Executive Directors

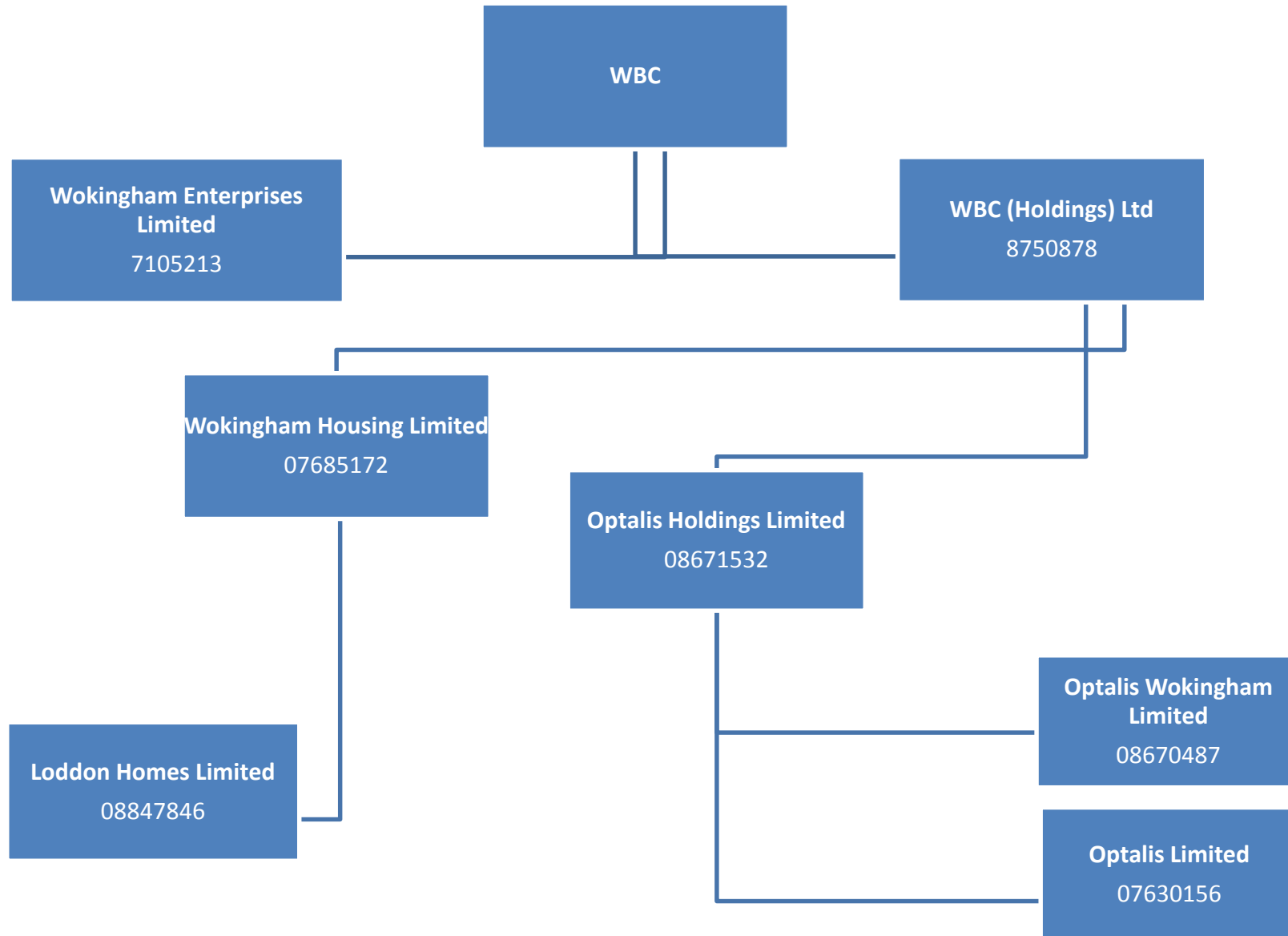
As an Office Holder, Non-Executive Directors are paid a fixed allowance based on the assessed contribution that will be required of the post agreed upon appointment, plus reasonable out of pocket expenses. This is not subject to review during the duration of the term of office.

4.2 Executive Directors

As paid employees of the company, Executive Directors of all subsidiary companies salaries and PRP payments are recommended by the Board of Directors of the subsidiary company and agreed by the Board of Directors of WBC (Holdings) Limited, and reviewed annually.

PRP Scheme used by the Subsidiary Companies shall be implemented only when agreed with WBC (Holdings) Limited. Approval will be required for the specification/targets for the scheme and before making any payment of PRP.

Appendix 1: WBC wholly owned subsidiary Company structure



Appendix 2: Performance Assessment Tool – Non-Executive Directors

Name	Role
Board Appointment Date	Review Date
Assessment of Performance	
Level of Contribution	Comments (Evidence with Examples)
<ul style="list-style-type: none"> • Drives the achievement of the Companies objectives • Fully participates in Board meetings • Delivers on agreed actions and commitments 	
Behaviours	Comments
<ul style="list-style-type: none"> • Models respect, for each other, and for the different roles • Acts at all times with honesty and with integrity, and works collaboratively, • Demonstrates leadership in tackling difficult issues, holding courageous conversations and challenging the wrong behaviours when manifested by others • Upholds the standards of conduct and leads and acts ethically • Shows respect for the sound professional advice of colleagues who have expertise, knowledge and experience • Models, develops and encourages effective and open communication • Ensures that recommendations and decisions are clear, and based on evidence, and Fair Process 	
Financial Performance	Comments
<ul style="list-style-type: none"> • Participates actively in debates and decisions with regard to the financial performance of the company • Actively seeks to understand how results compare with all relevant benchmark comparators, private, public, voluntary, in relation to cost, quality, VfM 	
Follow up actions	
Reviewer Name:	Reviewee's Signature

Executive Director Performance Assessment Framework

Name

Position

Reviewer

Company Name

review period

Acknowledgement

I have reviewed this document and discussed the contents with my manager.

Signature:

Date:

Appendix 3: Performance Assessment Tool –Executive Directors

No	Competency	Description				Evidence/Comments
			Exceeds	Meets	Below	
	Core					
1	Problem Analysis and Resolution	Problem Analysis and Resolution is the requirement to identify, analyse and proactively manage problems and opportunities to deliver positive outcomes whilst minimising risk. Required to explore a range of viable options and make the right decision to deliver improved performance and efficiency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2	Customer Service	Customer Service is the ability to identify and deliver excellent customer service to customers. It is the drive to continually review, monitor and improve the delivery of services to all its customers/clients including internal customers, partners and alliances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3	Planning and Organising	Planning and Organising is the requirement to plan, prioritise and organise work and resources (including people, material, budgets and time) to ensure that goals are achieved within deadlines. It is the ability to produce and execute clear, comprehensive and realistic plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4	Commercial Awareness	Commercial Awareness is the requirement to understand the characteristics of the offering in the market place, the role of company and its' inter-relationship with other WBC owned companies. To target and manage the factors which can influence the company's position in the marketplace.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5	Business Management	Business Management is the requirement to manage the workload and performance of others, including 3 rd party contractors, and manage all business aspects of projects. It is the ability to lead by example, provide a point of focus and give clear direction and guidance to others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6	People Management	People Management is the requirement to accurately assess the performance and develop the skills and knowledge of self and others. To positively encourage colleagues to develop and adopt a proactive approach to continually self develop.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7	Communication	Communication is the requirement to communicate effectively with customers and colleagues across a variety of cultures, both verbally and non – verbally and to give and receive information effectively. It includes building relationships with people who can be helpful in achieving work-related objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8	Team Working	Team working is the requirement to work co-operatively with others in your own or other formal or informal teams. The ability to integrate into the team with client and third party members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Appendix 3: Performance Assessment Tool –Executive Directors

Technical			Evidence/Comments			
			Exceeds	Meets	Below	
9	Core Technical Skills	Core Technical Skills are required to ensure that all compliance and legislative requirements are accounted for in service design and delivery.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10	Technical Knowledge	Technical Knowledge is required to ensure that the customer/client's specific requirements are met by the products offered and/or solution designed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11	Project Management	Project Management is the ability to conduct the management of projects, to meet the identified business needs, acquiring and utilising the necessary resources and skills, within agreed parameters of cost, timescales, and quality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Key Strengths of Individual:

Areas for development/comments:

Appendix 4: Performance Related Pay Scheme

Terms of payment

The Executive Director shall be eligible to receive a payment under the relevant years Performance Related Pay Scheme (PRPS), based upon reaching various budget, financial and other criteria as agreed within the attached Balanced Business Scorecard which will link to the Business Plan to be agreed by the Board of Directors of Holding Company, in accordance with the following:

- a) Being employed, and not under notice as at the end of that financial year.
- b) Payment will be made in the month following publication of the Companies Accounts via PAYE and subject to Income Tax & National Insurance.
- c) The PRPS will be administered by the Board of the company employing the Executive Director and a recommendation submitted to the Wokingham Holdings Limited for approval. Any changes, disputes, clarification to the terms of the PRPS or creation of terms for unexpected situations, etc. will be resolved by the Chief Executive of Wokingham Borough Council, in consultation with the Leader of the Council.

The Company reserve the right to withhold payment of any Performance Related Pay should there be any business failure that has a substantial adverse impact on the financial performance, delivery of schemes or reputation of the Company or the Council, with the exceptions of events that are defined as 'force majeure'.

Force Majeure

For the purpose of this Agreement, an "Event of Force Majeure" means any circumstance not within the reasonable control of the Executive Director, but only if and to the extent that (i) such circumstance, despite the exercise of reasonable diligence and the observance of Good Practice of the Director, cannot be, or be caused to be, prevented, avoided or removed, and (ii) such circumstance materially and adversely affects the ability of the Director to perform their obligations under this Agreement, and they have taken all reasonable precautions, due care and reasonable alternative measures in order to avoid the effect of such event on the ability to perform their obligations under this Agreement and to mitigate the consequences thereof.

The events that may result in Force Majeure include but are not limited to:

- act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods);
- war, hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilisation, requisition, or embargo;
- acts or threats of riot, terrorism, rebellion, revolution, insurrection, or military or usurped power, or civil war;
- contamination by radio-activity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel, radio-active toxic explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component of such assembly.

Executive Director Performance Related Pay Scheme

Name:	
Company:	
Year:	Bonus at 100% <input style="width: 50px;" type="text"/>

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		

Appendix 4: Performance Related Pay Scheme

	-
--	---

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		
		-

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		
		-

Objective:	Percent Achieved:	100%
	Weighting:	0%
Comments on progress/achievement:		
		-

Suggested Performance Related Payment
Adjustment (if necessary)
Approved Bonus Payout

	-
	-
	-

Appendix 5: Role Description of Non-Executive Director

Context

Wokingham Borough Council has established three groups of limited companies:

- Wokingham Enterprises Ltd (currently dormant)
- Optalis group (Optalis Limited, Optalis (Wokingham) Ltd, Optalis Holdings Limited) (provider of social care and support services)
- Wokingham Housing group (Wokingham Housing Limited and Loddon Homes Limited) (provider and developer of housing)

These are accountable to a single 'parent company', WBC (Holdings) . Limited

Each company has a board, comprising a mix of internally appointed Councillors and external, independent NEDs.

Role

NEDs are appointed to bring to the board:

- Independence
- Impartiality
- Wide experience
- Special knowledge
- Personal qualities

(Institute of Directors)

The key tasks for the NEDs are as follows:

- To provide strategic direction to the company
- Develop and keep updated business plans to achieve the primary purpose of the company
- Monitor the performance of the company and ensure objectives and business plans are achieved, and constructively challenge and help develop proposals on strategy
- Monitor the operational performance of the company and ensure Key Performance Indicators and customer satisfaction targets are met
- Monitoring the performance of the MD and senior staff of the company against agreed individual annual aims, objectives and key performance measures
- Monitor business and reputational risks and regularly update a risk register
- Keep up to date on the external environment affecting the company
- Attend training sessions/ courses to ensure NEDs have the skill set to perform their duties as a NED
- Ensure the annual accounts are prepared and signed off by the Board as a true reflection of the company's business
- Act as an ambassador and representative of the company and more broadly to the Council itself as the ultimate parent of the company
- Understanding the political sensitivities of being a commercial organization that is wholly owned by a local authority.
- Being able to provide guidance when apparent conflicts arise between the companies and the Council whether it is acting as a shareholder or in its statutory capacity.

Statutory Requirements of the Role

The Companies Act 2006 defines the duties for executive and non-executive directors:

- to act within powers set out in the company's memorandum of association,
- promote success of the company,
- exercise independent judgement,
- exercise reasonable care, skill and diligence,

Appendix 5: Role Description of Non-Executive Director

- avoid conflicts of interest,
- not to accept benefits from third parties, and
- declare interests in proposed transactions or arrangements.

The Institute of Directors has published the attached factsheet which provides further guidance on the role