

<b>Report to:</b>	Sutton Shareholdings Board	<b>Date:</b>	14 June 2017
<b>Report title:</b>	Appointment of Directors to Encompass LATC Board of Directors		
<b>Report from:</b>	Mary Morrissey, Strategic Director – Environment, Housing and Regeneration		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Councillor Simon Wales, Chair of Sutton Shareholdings Board		
<b>Author(s)/Contact Number(s):</b>	Lorraine Thomas - Managing Director, 020 8770 5794 Simon Latham - Council Non Executive Director, 020 8770 4006		
<b>Corporate Plan Priorities:</b>	Not applicable		
<b>Open/Exempt:</b>	Open with the exception of Appendix A (Profiles) which are exempt by virtue of paragraph 1 of Schedule 12A of the Local Government Act 1972.		
<b>Signed:</b>		<b>Date:</b>	31 May 2017

## 1. Summary

- 1.1 This report sets out the process followed in recruiting the services of two Non Executive company directors for Board of Encompass LATC Ltd and seeks approval from Sutton Shareholdings Board of the appointment of those directors to the Board. It also seeks approval of appointment of the Managing Director of Encompass LATC to the Board.

## 2. Recommendations

The Sutton Shareholdings Board is recommended to:

- 2.1 Approve the appointment of two Independent Non Executive Directors, Fiona Kemp and Roger Mills, for a period of three-years to Encompass LATC Ltd.
- 2.2 Approve the appointment of Lorraine Thomas, as Executive Director of Encompass LATC Ltd.

### **3. Background**

- 3.1 The Shareholder's Agreement between the London Borough of Sutton and Encompass LATC Ltd sets out certain restrictions on the actions of the Company which requires the Shareholders consent. These restrictions are contained in the reserved matters of the agreement
- 3.2 The appointment or dismissal of any Director is a matter reserved for Sutton Shareholdings Board.

### **4. Issues**

#### *Appointment of Independent Non Executive Directors*

- 4.1 Encompass LATC Ltd sought to gain the widest exposure of the posts in order to attract a wide range of candidates. The positions were advertised in the national Guardian newspaper and prospective candidates were provided with a comprehensive information pack including details of the role profile, the skills and experience sought, information on the newly formed Company and an outline of its ambitions.
- 4.2 At close of advert 77 applications had been received.
- 4.3 An initial longlist of thirteen candidates was drawn up and following a further review of those applications six candidates were invited for interview. The interview panel comprised Nick Ireland, Michael Mackie and Simon Latham, the three Council Non Executive Directors.
- 4.4 Normal selection procedures were followed and the selection criteria were based on the job profiles and the candidates' specialist skills and ability to broaden the expertise and knowledge of the Company's Board.
- 4.5 Following this comprehensive selection process, the recommendation of the interview panel is to appoint Fiona Kemp and Roger Mills as Independent Non-Executive Directors to Encompass LATC Ltd.
- 4.6 Subject to the approval of the Shareholders, unless terminated earlier by either party, the appointment shall be for an initial term of 3 years, commencing in June 2017.
- 4.7 Continuation of the appointment is contingent on a continued satisfactory performance and re-election by the shareholders and any relevant statutory provisions relating to removal of a director.
- 4.8 These appointments are subject to the Company's articles of association and the

Shareholdings Agreement.

- 4.9 Clause 5.3 states that 'in the event that the board is made up of six (6) Directors, three (3) shall be Council Directors, two (2) shall be Independent Directors and one (1) shall be an Executive Director'. Therefore, the appointments satisfies both the Articles and the Shareholders Agreement.

#### *Appointment of Managing Director as Executive Director*

- 4.10 Following a recruitment process which followed the London Borough of Sutton procedures, with a panel comprising Mary Morrissey, Nick Ireland, Michael Mackie and Simon Latham, Lorraine Thomas, was appointed as Managing Director of Encompass LATC Ltd on 13 January 2017.

- 4.11 Therefore, a further recommendation is that Lorraine Thomas is appointed to the Board as Executive Director.

### **5. Options Considered**

- 5.1 The national Guardian newspaper was considered the most appropriate place to advertise these positions. It potentially attracts a wide range readers whose interests and experience may span both the delivery of public sector services and commercial enterprises.
- 5.2 Enquiries were made with regard to the possibility of placing the position with an agency that specialise in the recruitment of non executive directors but, the cost was prohibitive and Encompass LATC Ltd, in comparison with companies advertising on the website, would have been competing with global and blue chip companies to recruit to the position.

### **6. Impacts and Implications**

#### Financial

- 6.1 The remuneration for a non executive director position is £4,200 per annum in respect of 12 days per annum. This fee covers all services provided, including service on any Board committees, with the exception of chairing committees and certain additional responsibilities. Reasonable travel expenses will be reimbursed.
- 6.2 The appointment constitutes a contract for the provision of services and is not a contract of employment.
- 6.3 The appointment of the Managing Director of Encompass LATC Ltd to the Board does not attract any payment over and above the remuneration for the post of Managing Director itself.

Legal

- 6.4 Clause 5.3 of the Shareholder’s Agreement states that: “There shall be a minimum number of three (3) Directors on the Board made up of two (2) Council Directors and one (1) Independent Director. In the event that the board is made up of six (6) Directors, three (3) shall be Council Directors, (2) shall be Independent Directors and one (1) shall be an Executive Director.”
- 6.5 The appointment of 2 Independent Directors and an Executive Director falls within the criteria outlined in the Shareholder’s Agreement.
- 6.6 Any legal implications and impacts are covered in the body of this report.

**7. Appendices and Background Documents**

<b>Appendix letter</b>	<b>Title</b>
A	Profiles of Fiona Kemp and Roger Mills exempt by virtue of paragraph 1 of Schedule 12A of the Local Government Act 1972.

<b>Background documents</b>
None

<b>Audit Trail</b>		
Version	Final	Date: 30 May 2017
<b>Consultation with other officers</b>		
Finance	Yes	Sue Hogg
Legal	Yes	Laiping Man
Integrated Impact Assessment required?	no	N/A