

**SUPPLEMENTARY DOCUMENT FOR
SHAREHOLDER SUB COMMITTEE
Tuesday, 15 January 2019 at 7.30 pm
Committee Room 1, Civic Centre**

The attached documents are due to be considered at the meeting listed above and were unavailable for circulation when the agenda for the meeting was published. The agenda item to which the documents relate is noted below.

AGENDA

7. References from the HTS Board
 - a) Appointment of Non-Executive Chair of HTS Group and Managing Director of HTS (Property and Environment) Ltd (Pages 2 - 4)

Report of: Alex Morris – Finance Director and Company Secretary			
Name of Meeting		Date of Meeting	Agenda item
HTS Group Ltd Board Referral to HTS (P&E) Ltd Board for information		20 th December 2018	Decision

Proudly serving Harlow

Subject of Report:

Proposals to extend terms of office for Group Non-Executive Chair and Managing Director HTS (P&E) Ltd

1. Summary

The term of office for our current Non-Executive Chair concludes on 30.6.19. The term of office of the current Managing Director of HTS (P&E) Ltd concludes on 29.2.20. The Group Board has responsibility to ensure effective business continuity for these key positions. This report sets out the rationale to offer contract extensions to both post holders. Any decision by the Board in this respect is subject to ratification by Shareholder Sub-Committee.

2. Recommendations:

That HTS Group Board agree to:

- a. Extend the term of office of our existing Group Non-Executive Chair to 31.3.22 subject to ratification by Shareholder sub-committee.
- b. Amend the terms of appointment of our existing Group Non-Executive Chair as set out within the body of this report.
- c. Extend the term of office of our existing Managing Director of HTS (P&E) Ltd noting that all other terms and conditions of this appointment remain unchanged.

3. Report

The initial contract period for HTS (P&E) Ltd runs for 5 years and concludes on 1 February 2022. The contract makes provision for extension of the contract by a further 5 years subject to the outcome of a best value review that will be undertaken in year 3 (2019/20), presenting its initial findings by 1 February 2020, with the decision to extend to be agreed by 1 August 2020 at the latest.

The term of office for our current Non-Executive Chair concludes on 30.6.19. The term of office of the current Managing Director of HTS (P&E) Ltd concludes on 29.02.20. The term of both positions therefore concludes prior to the ultimate conclusion of the best value review.

Our current Group Non-Executive Chair has been in post since 1.7.16. His stewardship from mobilisation into contract delivery and growth of business activities has been invaluable and the business now needs to look forward to securing a 5-year extension of its contract that will inevitably throw up significant challenges in terms of improved service delivery and the continued need to meet the value for money test.

Equally the role of our existing Managing Director of HTS(P&E) Ltd has been key to move the business across from the previous 3rd party arrangements into what HTS (P&E) Ltd represents now.

Both our Group Non-Executive Chair and Managing Director of HTS (P&E) Ltd have indicated their willingness to continue in their roles to steer the best value review and ensure the company is well placed to deliver a further 5 years of success.

The Board do have choices and could if they wish, allow the respective contracts of both the Group Non-Executive Chair and the Managing Director of HTS(P&E) Ltd to conclude and look to recruit new people. This will though be undertaken at a time when continuity and historical knowledge will be essential factors in ensuring that the contract is extended and a smooth transition into the new phase of the organisation is achieved. Significant costs will also be incurred to recruit key people at this level.

At inception the input required from a Non-Executive Chair role was assessed at 26 days per annum. Looking back at the actual level of input required to effectively undertake this role an actual time allocation of 37 days per annum has been required. A recent benchmarking exercise undertaken by an independent 3rd party has demonstrated that remuneration levels for positions of a similar nature with a time commitment of 26 days per annum warrant an annual income of around £20,000 or £750 per day and such positions would normally recognise and pay reasonably incurred expenses required to undertake the role. The current remuneration package is inclusive of all expenses including travel costs. This has been a significant cost to the existing post holder and to ensure retention it would likely be necessary for us to offer to cover the cost of reasonable travel costs within any new contract arrangement. Equally cost of living pay increases have not been applied to this role for the initial 3-year period. It would again seem appropriate that this is now factored into the payment going forward.

The Managing Directors remuneration arrangements are currently reviewed annually with cost of living reviews built into his current contract. The current post holder has indicated that he is content for this arrangement to remain as is should a contract extension be offered.

Financial Implications

a. Group Non-Executive Chair

Annual allowance including cost of living increase @2019/20	£20,180
Travel expenses (say)	£2,000
Total	£22,180
Increase	£2,180

b. Managing Director HTS (P&E) Ltd

£NIL

Governance

To comply with the Company's Scheme of Delegation the decision of the Board in such matters relating to contract variations of senior Board posts, i.e. where not included as expected actions as part of the current Business Plan is to be made by the Shareholder.

If the Board support the recommendations of this report this will be tabled at to the January 2019 meeting of Shareholder Sub-Committee as a recommendation and request for a decision to be made.