

REPORT REFERENCE NO.	DSFRA/18/9
MEETING	30 APRIL 2018
DATE OF MEETING	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
SUBJECT OF REPORT	REMUNERATION OF NON-EXECUTIVE DIRECTORS APPOINTED FROM AUTHORITY MEMBERSHIP TO THE BOARD OF RED ONE LTD.
LEAD OFFICER	Director of Corporate Services
RECOMMENDATIONS	<i>That the Authority considers reinstating the Special Responsibility Allowance payable to the non-executive directors appointed from Authority Membership to the Board of Red One Ltd (“the company”), on the basis of the former rate (£6,060).</i>
EXECUTIVE SUMMARY	
RESOURCE IMPLICATIONS	As indicated, if the Authority is minded to reinstate payment of the Special Responsibility Allowance on the basis of the former rate (£6,060 per annum per person), this will result in total expenditure of up to £18,180 for the current (2018-19) financial year. This will be contained from within existing resources.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Report DSFRA/17/34 (“Commercial Governance – Developments”) to the Authority meeting on 18 December 2017. Report DSFRA/17/36 (“Confirmation of Scheme of Members’ Allowances 2018-19”) to the Authority meeting on 18 December 2017. Minutes of the Authority meeting held on 18 December 2017.

1. BACKGROUND

1.1. At its meeting on 18 December 2017, the Authority considered reports on:

- progress with establishing a more robust, proportionate governance framework for Red One Ltd. (the Authority's commercial trading arm) ("the company"); and
- a report on the Scheme of Members' Allowances to apply for the 2018-19 financial year.

1.2. The Authority was advised at the meeting that the company had adopted, at a Board meeting on 15 December 2017, the proposed governance framework including revised Articles of Association. In light of this, the Authority resolved, when considering the Scheme of Members' Allowances to operate for 2018-19:

"that, given the changes in governance to the operation of Red One Ltd. ("the company"), as referred to earlier on the agenda for this meeting, the special responsibility allowance (SRA) currently payable to Authority Members appointed as non-executive directors on the Company Board be discontinued with effect from 1 April 2018 on the basis that, going forwards, all director remuneration would be paid directly by the Company". (Minute DSFRA/52 refers).

1.3. This decision was based on the understanding at that time. Subsequently, the new Independent Chair of the Board has advised that, based on previous experience, it is highly unusual for non-executive directors appointed as representatives of the shareholder to be remunerated by the company. Rather, it is normally the case that such non-executive directors are remunerated directly by the shareholder.

2. PROPOSAL

2.1 In light of the above, it is proposed that the Authority may wish to consider re-introducing the Special Responsibility Allowance formerly payable to the Authority non-executive directors. In the first instance, it is proposed that this should be at the former rate (£6,060 per annum per person) for the current (2018-19) financial year which would be consistent with the decision of the Authority not to increase allowances for 2018-19 other than by the automatic uprating mechanism provided for in the Scheme (by reference to pay awards for Service support staff).

MIKE PEARSON
Director of Corporate Services