

INDEPENDENT DIRECTORS OF SUBSIDIARIES

Executive Summary

In the Investment Programme report submitted to Executive on 6 February 2020 and approved by Council on 13 February 2020 it was noted that a report was to have been submitted to Council in April in respect of increasing the number of Independent Directors on the Council's subsidiary companies and to formalise their respective terms of office.

The reason for the proposed change is that whilst the current Independent Directors have played a key role in the Governance of the Companies, due to the high level of activity and increasing scale of the business, it would be appropriate to increase the number of Independent Directors and formalise the period of service having regard to best practice.

The proposal is to increase the number of Independent Directors so that each subsidiary can have two Independent Directors; this will apply to Thamesway Group companies and any other Council subsidiaries.

To implement the proposal it is proposed that Council appoint a Panel of Members, comprising of the Group Leaders or their nominee, to oversee the recruitment and to recommend to Council on appointments. The proposed term of office for each Independent Director will normally be four years with a normal maximum term of office of eight years. Existing Independent Directors who wish to continue to be reappointed for four years to ensure continuity.

It is proposed to bring these revised arrangements into effect by 1 April 2021.

In summary, the proposal is to: -

- Increase the number of Independent Directors on subsidiary companies to two;
- Set a normal term of office at four years;
- Set a normal maximum term of office to eight years;
- Reappoint those current Independent Directors that wish to continue for a further period of four years; and
- Appoint a Panel of Members to oversee the recruitment process and recommend appointments to Council.

Recommendations

The Executive is requested to:

RECOMMEND TO COUNCIL That

- (i) **the number of Independent Directors on Council subsidiaries be increased to two;**
- (ii) **the normal term of office of an Independent Director be four years;**
- (iii) **the normal maximum term of office of an Independent Director be eight years;**

- (iv) the current Independent Directors be reappointed for four years from 1 April 2021; and
- (v) a Panel of Members be appointed to oversee the recruitment process and recommend appointments to the Council.

Reasons for Decision

Reason: To improve the governance arrangements of subsidiary companies.

The items above will need to be dealt with by way of a recommendation to Council.

Background Papers: None.

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