

Report subject	<b>Executive Pay Levels for Tricuro</b>
Meeting date	11 November 2020
Status	Public
Executive summary	Pursuant to the Shareholder Agreement for Tricuro, which is a Local Authority Trading Company wholly-owned by BCP Council and Dorset Council, the Executive Shareholder Group (the “ESG”) sets an annual cap on pay. Any remuneration above that cap requires the approval of the ESG. Tricuro wishes to appoint a permanent Managing Director and has requested that the remuneration for the Managing Director is approved at up to £120,000 per annum (i.e., in excess of the annual cap on pay set at £100,000).
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <ul style="list-style-type: none"> <li><b>a) Cabinet delegates authority to the ESG members from time to time to:</b> <ul style="list-style-type: none"> <li><b>i) agree that Tricuro is permitted to set the remuneration package for the Managing Director of Tricuro to a sum of up to £120,000 per annum and</b></li> <li><b>ii) determine and approve such further details of this remuneration package as may be required.</b></li> <li><b>iii) ratify the approval of interim remuneration arrangements</b></li> </ul> </li> </ul>
Reason for recommendations	The Board of Tricuro is progressing with the process of permanent recruitment of Managing Director for the company. Having obtained Human Resources advice and information on rates paid nationally for similar posts, the Board has requested that the remuneration package for the Managing Director role is raised to up to £120,000 per annum. The Executive Shareholder Group discussed this proposal at its meeting on 14 <sup>th</sup> September 2020 and agreed with the Board’s proposal in principle. This recommendation is presented to Cabinet for consideration and approval. The Tricuro Board has also approved interim remuneration arrangements and Cabinet is requested to ratify this approval.

Portfolio Holder(s):	Cllr Karen Rampton - Cabinet Member for Adults
Corporate Director	Jan Thurgood – Corporate Director Adult Social Care
Report Authors	Jan Thurgood – Corporate Director Adult Social Care
Wards	Council-wide
Classification	Decision

## Background

1. Tricuro is a Local Authority Trading Company, wholly-owned by BCP Council and Dorset Council. The Shareholder Agreement for the company provides that the ESG will set an annual pay cap. Any decision to pay remuneration in excess of that cap is reserved to the shareholders through the Executive Shareholder Group process.
2. The Board of Tricuro is progressing with the appointment of a permanent Managing Director for the company. The Board has reviewed the annual remuneration cap set previously at £100,000 when the company was formed in 2015. ESG approval is required for any remuneration package in excess of that annual cap. Having undertaken a benchmarking review of the pay rates for similar posts and based on recent experience of recruitment for other executive team member posts for the company, the Board has requested that the Councils in their Shareholder roles agree to permit payment of a remuneration package to the Managing Director of up to £120,000 per annum.
3. The Executive Shareholder Group of Tricuro met on 14<sup>th</sup> September 2020 and at this meeting considered a report of the Chair of the Tricuro Board which recommended a revised salary cap of £120,000 per annum for the Managing Director of the company. This report included benchmarking information and professional advice from the Head of Human Resources for BCP Council and from the Corporate Director for Human Resources for Dorset Council. The papers considered by the Executive Shareholder Group are attached at Appendix A.
4. The Executive Shareholder Group considered and discussed the proposals from the Tricuro Board. The ESG agreed, in principle, the salary for the Tricuro Managing Director of up to £120,000 per annum and, the decision was to be approved by Dorset Council under delegated authority and to be considered by BCP Council Cabinet in November 2020.
5. Pending the recruitment of a permanent Managing Director, Tricuro made interim management arrangements. Given the impact of the Coronavirus pandemic, the Board decided to postpone the recruitment of a permanent MD and to extend the interim arrangements (i) so that there was continuity of leadership through the COVID19 period and (ii) to ensure that the post was advertised at a time when market conditions would generate a robust field of candidates. Tricuro will progress the permanent recruitment immediately a decision has been taken on the remuneration cap for the permanent Managing Director post. The details of those

interim arrangements are set out in Appendix B. Cabinet is requested to ratify Tricuro's decision to make those arrangements.

### **Options Appraisal**

6. The options available for consideration are set out in this paragraph. If Cabinet agree to an option in relation to the future remuneration of the Managing Director which has not been recommended by the Shareholder Executive Group, a further meeting of the Shareholder Group may be convened to discuss the decision made by Cabinet as the final decision is one which has to be taken by both Shareholders. Dorset Council agreed to Option 1 through the Shareholder Executive Group meeting on 14<sup>th</sup> September 2020.
- i) To agree the recommendation of the Executive Shareholder Group that the maximum remuneration package should be £120,000 for the Managing Director of Tricuro. This decision would enable the Board of Tricuro to progress immediately with the recruitment process for the Managing Director and to have the flexibility to recruit with a salary range up to £120,000. This option is in line with the agreement in principle of the Executive Shareholder Group on 14<sup>th</sup> September 2020.
  - ii) To determine that the remuneration package for the Managing Director should remain within the annual cap set by the ESG at £100,000 in 2015. This is not recommended as this would result in remuneration for the Managing Director being set at a rate below the national benchmarking and out of line with the pay bandings for Service Director posts in both BCP and Dorset Councils.
  - iii) To determine that the remuneration package for the Managing Director is set between the current level and £120,000 and having regard to the salary levels of Service Directors in the two Council areas. This would not be in line with the recommendation of the Executive Shareholder Group and would reduce the flexibility of the Tricuro Board to address market factors and attract the best possible field of candidates.
  - iv) To determine that the remuneration package for the Managing Director is set at a level above £120,000 per annum. This is not recommended as this would be out of line with the salary gradings for Directors in BCP Council.
  - v) To ratify Tricuro Board's approval of interim management arrangements to ensure continuity and stability in service delivery until a permanent appointment is made. This option is recommended.
  - vi) To refuse to approve the interim arrangements. This is not recommended as it will reduce management capacity and expertise, which is likely to impact on the stability of service delivery at a time when Tricuro services are critical.

### **Summary of financial implications**

7. Tricuro is a Local Authority Trading Company with an annual turn-over of £40 million pounds which delivers a wide range of social care services (including registered services) to the residents of the BCP Council and Dorset Council areas. The company has recently developed a transformation programme which is designed to modernise and personalise the services provided by the company; deliver improved

outcomes for residents and provide better value to the Councils as the major commissioners of services. The Board of the company is committed to recruiting a Managing Director with a proven track record, who has the skills and ambition to deliver the transformation programme and develop the commercial opportunities that the Local Authority Trading Company framework enables. The postholder will be central to the financial and commercial success of the company.

8. The approval of a remuneration package for the Managing Director in excess of the current cap will mean a maximum increase in salary cost of £13,000 per annum if an appointment was to be made at the top of the salary range. If the salary were set at £120,000 per annum, the total costs to Tricuro would be £138,600 per annum, including pension contributions at three percent and employers National Insurance Contributions. The costs of the interim management arrangements in 2020/21 are being met within the budget as originally set by the Tricuro Board and as approved by the Executive Shareholder Group.

### **Summary of legal implications**

9. BCP Council and Dorset Council are the shareholders of Tricuro and under the shareholder agreement entered into between Tricuro and the shareholders, any payment of remuneration in excess of an approved salary cap (of £100,000) is reserved to the shareholders.
10. A review of market rates of pay has led the Tricuro Board to conclude that the Managing Director post should be remunerated at a level in excess of the annual cap. The Executive Shareholder Group met on 14<sup>th</sup> September 2020 and agreed in principle with the recommendation of the Tricuro Board that the remuneration package for the Managing Director post should be set at up to £120,000 per annum.
11. The ESG does not have delegated authority from the Leader to make the decision outlined above. The prior agreement of Cabinet to delegate authority to the ESG members to make this decision on behalf of the Council is therefore required.

### **Summary of human resources implications**

12. The Head of Human Resources for BCP Council and the Corporate Director for Human Resources in Dorset Council have provided advice notes on the salary grade as set out in Appendix A. These advice notes provide relevant information in relation to equal pay considerations for the two Councils.

### **Summary of sustainability impact**

13. The Managing Director of Tricuro will be a key figure in the company to ensure that the company takes full account of the commitments of both BCP Council and Dorset Council in relation to addressing the impact of the Climate Change Emergency and considering sustainability in all the company's policies and activities.

### **Summary of public health implications**

14. The Managing Director of Tricuro will be accountable for delivering services which meet the health and well-being needs of all service users and carers who receive services from Tricuro and delivering a strength based approach which engages services, service users and carers with their communities with a focus on well-being and reducing isolation.

### **Summary of equality implications**

15. The recommendation is informed by professional advice from Senior Human Resources managers in both Councils in order to ensure that the recommendation is in line with the equal pay frameworks of both Councils.

### **Summary of risk assessment**

16. The Board of Tricuro is concerned to move forward at pace with recruiting an exceptional, experienced and skilled Managing Director for Tricuro in order to deliver the ambitious transformation agenda for the company; to achieve the best possible outcomes for local residents and best value for the two Councils as commissioners and shareholders. The major risk is in delay to this process as it is important for the company to have permanent leadership in place at the earliest opportunity.

### **Background papers**

#### **Appendices**

Appendix A – Report of the Chair of Tricuro Company Board on the Managing Director Salary to the Executive Shareholder Group meeting on 14<sup>th</sup> September 2020. (Appendix 1 to this is exempt)

Appendix B – Exempt Report on Interim Management Arrangements approved by Tricuro Board for 2020/21.