AGENDA

MANAWATU DISTRICT AND PALMERSTON NORTH CITY JOINT STRATEGIC PLANNING COMMITTEE

1PM, WEDNESDAY 10 AUGUST 2016
COUNCIL CHAMBER | FIRST FLOOR | CIVIC ADMINISTRATION BUILDING | 32 THE SQUARE | PALMERSTON NORTH
MEMBERSHIP

PNCC Mayor Grant Smith (Chairperson)
MDC Mayor Margaret Kouvelis (Deputy Chairperson)

COUNCILLORS PNCC
Susan Baty
Leonie Hapeta
Jim Jefferies
Duncan McCann

COUNCILLORS MDC
Shane Casey
Tony Jensen
Alison Short
Howard Voss

Agenda items, if not attached, can be viewed at:
Manawatu District Council, Reception Area
135 Manchester Street, Feilding | Feilding Public Library

pncc.govt.nz | Palmerston North City Council, Civic Administration Building,
32 The Square | City Library | Ashhurst Community Library | Linton Library

Paddy Clifford
Chief Executive, Palmerston North City Council
MANAWATU DISTRICT AND PALMERSTON NORTH CITY COUNCILS

MANAWATU DISTRICT AND PALMERSTON NORTH CITY JOINT STRATEGIC PLANNING COMMITTEE

10 August 2016

ORDER OF BUSINESS

Apologies:

1. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson’s explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

2. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 1 above.)
3. **Confirmation of Minutes**  
(Pages 6-9)  
To confirm as a correct record the minutes of the ordinary meeting of 18 May 2016 and the extraordinary meeting of 22 June 2016 [Part I Public]. (Attached)

4. **Central Economic Development Agency Limited – Appointment of Directors Policy**  
(Pages 9-22)  
Report, dated 15 July 2016, by MDC Project Delivery Manager, Michael Hawker and PNCC Governance and Support Team Leader, Kyle Whitfield. (Attached)

5. **Exclusion of Public**

That the public be excluded from the following parts of the proceedings of this meeting, namely Agenda item …….

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<table>
<thead>
<tr>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
</table>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Also that persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Paddy Clifford), Chief Financial Officer (Grant Elliott), General Manager, City Enterprises (Ray McIndoe), General Manager, City Future (Sheryl Bryant), General Manager, City Networks (Ray Swadel), General Manager, Customer Services (Peter Eathorne), General Manager, Libraries and Community Services (Debbie Duncan), Human Resources Manager (Wayne Wilson) and Strategic Communications Manager (Mark Torley) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Management Team) and also from their specific role within the Council.
Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Rachel Corser and Penny Odell) and Governance and Support Team Leader (Kyle Whitfield), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

[add officers who are authors of reports or their substitutes] because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that they will be present at the meeting only for the item/ that relate to their respective report.

[add third parties, e.g. consultations who are authors of their reports being considered] because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report.

*       *       *       *       *

*       *       *       *       *
Minutes of the

MANAWATU DISTRICT AND PALMERSTON NORTH CITY JOINT STRATEGIC PLANNING COMMITTEE MEETING [PART I PUBLIC] HELD IN THE ELWOOD ROOM, CONVENTION CENTRE, 354 MAIN STREET, PALMERSTON NORTH ON WEDNESDAY 18 MAY 2016 COMMENCING AT 12.00NOON

Members Present: Manawatu District Council
Mayor (Margaret Kouvelis) and Councillors Shane Casey, Tony Jensen, Alison Short and Howard Voss.

Palmerston North City Council
The Mayor (Grant Smith) (in the Chair) and Councillors Susan Baty, Jim Jefferies and Duncan McCann.

Apologies: Palmerton North City Council
Councillors Rachel Bowen and Leonie Hapeta.

In Attendance: Manawatu District Council
Councillors Steve Bielski and Jo Heslop.

Palmerston North City Council
Councillors, Annette Nixon, Vaughan Dennison and Tangi Utikere.

1-16 Apologies
The COMMITTEE RECEIVED the apologies.

2-16 Confirmation of Minutes
The COMMITTEE RESOLVED that the minutes of the ordinary meeting held on 13 May 2015 [Part I Public] be confirmed as a correct record.
3.1 RESOLVED that the Chief Executive of the Manawatu District Council and the Chief Executive of the Palmerston North City Council be instructed to provide feedback from the Joint Strategic Planning Committee to the Central Economic Development Agency Limited Board on the 2015/16 and 2016/17 Draft Statements of Intent


The meeting finished at 12.21pm

CONFIRMED THIS 10TH DAY OF AUGUST 2016

CHAIRPERSON
Minutes of the

MANAWATU DISTRICT AND PALMERSTON NORTH CITY
JOINT STRATEGIC PLANNING COMMITTEE MEETING [PART I
PUBLIC] HELD IN THE ELWOOD ROOM, CONVENTION
CENTRE, 354 MAIN STREET, PALMERSTON NORTH ON
WEDNESDAY 22 JUNE 2016 COMMENCING AT 10.00AM

Members Present:  Manawatu District Council
                  The Mayor (Margaret Kouvelis) and Councillors
                  Shane Casey, Tony Jensen and Alison Short.

                  Palmerston North City Council
                  The Mayor (Grant Smith) (in the Chair) and
                  Councillors Susan Baty, Leonie Hapeta, Jim
                  Jefferies and Duncan McCann.

Apologies:       Manawatu District Council
                  Councillor Howard Voss.

                  Palmerston North City Council
                  Councillors Billy Meehan and Tangi Utikere.

In Attendance:  Manawatu District Council
                  Councillors Steve Bielski, Barbara Cameron
                  and Jo Heslop.

                  Palmerston North City Council
                  Councillors Rachel Bowen, Vaughan Dennison,
                  Annette Nixon and Bruno Petrenas

4-16 Apologies

The COMMITTEE RECEIVED the apologies.

5-16 Central Economic Development Agency Limited
      Statement of Intent 2015/16 and 2016/17

Report, dated 9 June 2016, from the Palmerston North City
Council’s General Manager – City Future, Sheryl Bryant
and Manawatu District Council’s General Manager –
Community and Strategy, Brent Limmer.

The COMMITTEE RESOLVED:

5.1 That the Joint Strategic Planning Committee agree
to the Central Economic Development Agency
Limited 2015/16 Statement of Intent.
5.2 That the Joint Strategic Planning Committee agree to the Central Economic Development Agency Limited 2016/17 Statement of Intent.

The meeting finished at 10.27am

CONFIRMED THIS 10TH DAY OF AUGUST 2016

CHAIRPERSON
Joint Strategic Planning Committee

Meeting of 10 August 2016

Business Unit: Community and Strategy
Date Created: 15 July 2016

Central Economic Development Agency Limited - Appointment of Directors Policy

Purpose

To present to the Joint Strategic Planning Committee, the Central Economic Development Agency Limited (CEDA) Appointment of Directors Policy.

Significance of Decision

The Council’s Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

That the Joint Strategic Planning Committee adopt the Central Economic Development Agency Limited (CEDA) Appointment of Directors Policy.

Report prepared by:

Michael Hawker
Project Delivery Manager
Manawatu District Council

Kyle Whitfield
Governance & Support Team Leader
Palmerston North City Council

Approved for submission by:

Brent Limmer
General Manager – Community and Strategy
Manawatu District Council

Sheryl Bryant
General Manager City Future
Palmerston North City Council
1 Background

1.1 Under present arrangements, up to four different parties may be involved in making decisions relating to CEDA. These entities include the Manawatu District Council, the Palmerston North City Council, the Joint Strategic Planning Committee that has been established by those Councils, and the Electoral College for CEDA. Although the principal role of the Electoral College is to make recommendations concerning the appointment of directors, it could also be used as a conduit between the shareholders and directors where this was thought necessary or desirable so as to promote a coordinated approach for matters affecting CEDA.

1.2 It is proposed to simplify these arrangements by delegating some powers to the Joint Strategic Planning Committee.

1.3 During March 2016 Manawatu District Council and Palmerston North City Council passed resolutions that amended the Agreement in Relation to the Reestablishment of the Joint Strategic Planning Committee (Joint Committee) and the terms of reference of the Manawatu District and Palmerston North City Joint Strategic Planning Committee.

1.4 The Joint Committee was delegated the following functions, powers, and duties in relation to the CEDA, under the Local Government Act 2002 and/or the Companies Act 1993:

- To adopt a policy that sets out the process for the identification, appointment and remuneration of directors.
- To appoint and remove a person or persons to be directors of CEDA.
- To approve the remuneration to be paid to directors of CEDA.
- To undertake performance monitoring of CEDA, as per section 65 of the Local Government Act.
- To agree with the Statement of Intent of CEDA or, if the Committee does not agree, to take all practical steps to require a Statement of Intent to be modified, as per section 65 of the Local Government Act.
- Receive the half yearly report of CEDA, as shareholder.
- Receive the Annual Report of CEDA, as shareholder.

1.5 The Chief Executives were requested to prepare a report proposing the content for a directors appointment and remuneration policy, to be based on the present policies of the Councils but modified to meet the specific requirements of CEDA, including the continuation of the present role of the Electoral College.

1.6 CEDA is a Council Controlled Organisation, constituted as a limited liability company. Palmerston North City Council and Manawatu District Council District Council are the joint shareholders, having approved the CEDA Company Constitution and Shareholders Agreement on 31 August 2105.

1.7 The objective of the change in delegations and powers is to eliminate the need, in the identified situations, of having recommendations requiring the separate approval of the Councils. The Joint Committee is seen as an appropriate substitute mechanism, given
that the Joint Committee comprises an equal number of representatives from both
councils, including the Mayors, with the quorum requirement meaning that at least three
elected members of each Council (the Mayor and/or other Councillors), are required to
attend each meeting of the Committee.

2 Discussion and Options considered

2.1 The Auditor General issued a report in September 2015 titled “Governance and
accountability of council-controlled organisations”. This report provides useful general
guidance for local authorities and CCOs. Part 5 of the report covers the appointment of
directors. The report has informed the development of the Appointment of Directors
Policy.

2.2 Under section 57 of the Local Government Act 2002, the Act requires a local authority to
have an objective and transparent process for appointing directors to a CCO. The Act
provides that a local authority can appoint only a person with the appropriate skills,
knowledge, or experience to contribute effectively to the entity’s achievement of its
objectives.

2.3 The Policy utilises the clauses from the CEDA Company Constitution and the Joint
Shareholders Agreement and is also based on the present policies of the Councils.

2.4 Guidance was also sought from Auckland Council, which has a good practice policy
covering their Auckland Tourism, Events and Economic Development CCO, (ATEED).

2.5 The skills and considerations to be used in appointment were developed from the CEDA
Company Constitution and from the process used during the initial CEDA recruitment
process.

2.6 The appointment process in section 3.7 matches the process used during the initial CEDA
recruitment process.

3 Operational Implications

3.1 Two current CEDA Directors terms expire in December 2016. Those vacancies would
follow the reappointment and selection process specified in this Policy.

4 Financial implications

4.1 There are no unbudgeted financial implications associated with this paper.

5 Statutory Requirements

5.1 Under clause 32 of Schedule 7 of the Local Government Act 2002, the Councils are able to
delegate any of their responsibilities, duties or powers, other than those specifically
listed in that clause. The listed exceptions do not include any of the items proposed to be
delegated.

5.2 Under section 57 of the Local Government Act 2002, the Act requires a local authority to
have an objective and transparent process for appointing directors to a CCO. The Act
provides that a local authority can appoint only a person with the appropriate skills,
knowledge, or experience to contribute effectively to the entity's achievement of its objectives.

6 Delegations

6.1 The Joint Strategic Planning Committee has delegated authority to consider this matter.

7 Consultation

7.1 Not applicable.

8 Cultural Considerations

8.1 Not applicable.

9 Conclusion

9.1 The CEDA Appointment of Directors Policy is presented for consideration by the Joint Strategic Planning Committee.

10 Attachments

- Central Economic Development Agency Limited - Appointment of Directors Policy
Central Economic Development Agency Limited

Appointment of Directors Policy
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1. INTRODUCTION

1.1 Purpose of Policy

This policy sets out an objective and transparent process for:

a) The identification and consideration of the skills, knowledge, and experience required of directors of the Central Economic Development Agency Limited (CEDA);
b) The appointment of directors of the CEDA Board; and
c) The remuneration of directors of the CEDA Board.

1.2 Manawatu District/Palmerston North City Joint Strategic Planning Committee

In relation to CEDA, the Joint Strategic Planning Committee (Joint Committee) has the following functions, powers, and duties under the Local Government Act 2002 and/or the Companies Act 1993:

a) To adopt a policy that sets out the process for the identification, appointment and remuneration of directors;
b) To appoint and remove a person or persons to be directors of CEDA;
c) To approve the remuneration to be paid to directors of CEDA;
d) To undertake performance monitoring of CEDA, as per section 65 of the Local Government Act.
e) To agree with the Statement of Intend of CEDA or, if the Joint Committee does not agree, to take all practical steps to require a Statement of Intent to be modified, as per section 65 of the Local Government Act 2002.
f) Receive the half yearly report of CEDA; and
g) Receive the Annual Report of CEDA.

1.3 Amendment or Replacement of Policy

The Manawatu District and Palmerston North City Joint Committee may, from time to time, amend or replace this policy. In doing so, the Joint Committee will consult with CEDA.

1.4 Exceptions of Policy

There may be circumstances in which adherence to this policy is not appropriate. Should the Joint Committee decide not to comply with any provision, the decision should be recorded by way of resolution (which should also include the reason for deviation from the policy).
2. **DIRECTOR SKILLS**

2.1 **Range and Quality Skills**

In appointing directors, the Joint Committee will be seeking persons with relevant skills and an ability to make a significant contribution to the successful operation of CEDA. Directors must be located in New Zealand. The need for balance between new and existing directors, who have first-hand knowledge of and experience in the activities of CEDA, will also be considered.

The range and quality of skills will vary from one position to another. The appropriate skills will be determined by the members of the Electoral College in consultation with CEDA so as to meet the performance needs of CEDA.

2.2 **General Skills**

The Joint Committee considers that any person that it appoints to be a director of CEDA should, as a minimum, have the following skills:

- Proven track record in economic development;
- Major event, tourism, visitor or destination marketing experience;
- Experience conducting business internationally;
- Strong financial knowledge;
- Communication and marketing skills; and
- The ability to interface between the private sector and local government.

Successful board members will include:

- Impeccable ethics and integrity;
- Strong communicators;
- Natural leaders with the ability to take people with them; and
- Clear and creative thinkers.

3. **APPOINTMENT AND REMOVAL OF DIRECTORS**

3.1 **Number of Directors**

The CEDA Board shall consist of a minimum of five (5) and a maximum of seven (7) directors.

3.2 **Appointment**

Directors shall be appointed by the Joint Committee for terms of up to three (3) years, and for a maximum period of nine (9) consecutive years.
3.3 Electoral College

a) The Electoral College shall comprise of six (6) members, three (3) appointed by PNCC, one of which should be the Mayor, and three (3) appointed by MDC, one of which should be the Mayor.
b) PNCC and MDC may remove and replace their appointees to the Electoral College at any time by giving notice in writing to the appointee in question and notice in writing to the Joint Committee.
c) PNCC and MDC agree to appoint persons to the Electoral College in a timely manner to ensure that at all times an operative Electoral College is in place and provide all necessary assistance including administrative assistance and facilities in order to ensure the Electoral College can effectively undertake its role.
d) The voting of the Electoral College shall be by way of majority and decisions of the Electoral College may not be made unless all members of the Electoral College are present at a meeting either in person or electronically (sight or sound).
e) The Electoral College’s role is to make recommendations to the Shareholders concerning the appointment of Directors to the CEDA board. The Electoral College may also be used as the conduit between the Shareholders and the Directors in circumstances when it is necessary or desirable to formulate a co-ordinated approach for matters affecting the Company.

3.4 Appointment of Directors

a) The Joint Committee will appoint directors jointly on the recommendation of the Electoral College (including any reconsidered recommendation, and taking into account the CEDA board skills sets).
b) Where a recommendation has been received from the Electoral College with respect to the appointment of directors, and that recommendation is not accepted by the Joint Committee, the Joint Committee may ask the Electoral College to provide a further recommendation.

3.5 Staggering Appointments

Appointments will be staggered so that approximately one-third of the board is rotated each year. Staggering appointments to the board ensures there is an appropriate level of institutional knowledge retained on the board, which in turn provides for continuity in the management of CEDA.

3.6 Administration of Appointments

PNCC and MDC shall administer appointments alternatively. PNCC shall administer appointments for the period when it is chairing the Joint Committee. MDC shall administer appointments for the period when it is chairing the Joint Committee.
3.7 Appointments

Once a vacancy has been established, the Council responsible for administering an appointment will work with a director recruitment consultant to manage the advertising and administration for seeking applications and arranging Electoral College meetings and any relevant administration work around this.

The Electoral College will identify the skills, knowledge and experience required for the position with the assistance of a director recruitment consultant. This may involve discussions with the Chair and consideration of the results of board performance reviews and composition on the board.

Applicants may be sought through a combination of the following search methods: advertising of the position, nominations from the mayor, councillors. In addition, a director recruitment search and checking the availability of candidates, will form part of the appointment process.

A complete list of applicants will be compiled, usually with the assistance of a director recruitment consultant.

The Electoral College, with assistance from a recruitment consultant, will screen the list to ensure that the candidates/applicants have the required core competencies as well as the specific skills and expertise required for the position. The screening will prepare a recommended short list of applicants for consideration.

The Electoral College will select the candidates for interview from the recommended short-list and interviews will be undertaken by the full Electoral College.

The Electoral College will assess candidates against the required skills, knowledge and experience and may take into account other factors such as:

• the demographic and geographic diversity of the board

• board dynamics and stakeholder relationships

• the capacity of applicants to attend regular board meetings and fulfil the other requirements of the directorship

• succession planning.

The Electoral College will recommend its preferred candidates to the Joint Committee for approval.
3.8 Reappointment

CEDA is requested to advise the Joint Committee of the impending expiry of a director’s term. Such advice shall be provided no later than three (3) months before the date of expiry of a director’s term in office.

The Joint Committee will then notify both MDC and PNCC Chief Executives in receipt of the above advice. The Chief Executive of the Council responsible for the administration of appointments will set in train the process for calling for applications to fill the vacancy unless exceptional circumstances apply. Exceptional circumstances include such things as when CEDA is in the midst of a major project where continuity of the existing directors is accepted by the Joint Committee as a critical factor for the success of the project.

All director vacancies for CEDA are to be advertised unless exceptional circumstances apply.

a) In the event that a retiring director is available to be considered for reappointment, in addition to receiving that director’s application, the Chief Executive will seek advice from CEDA as to whether the following criteria are being met:
   
   i. That an appropriate contribution has been made by the retiring director to the effective governance of CEDA;
   
   ii. That the relevant skills of the retiring director fit the skill-set required by CEDA; and
   
   iii. That the organisation is meeting the agreed requirements of the current Shareholders Agreement.

b) In obtaining information on these criteria, the Chief Executive will seek advice from the Chairperson of CEDA, or if the Chairperson is the person being considered for reappointment, from the Deputy Chairperson of CEDA or other person appointed by the governing body of CEDA.

c) The Chief Executive shall report to the Electoral College on these criteria in relation to a retiring director.

d) The Joint Committee may reappoint a person without following the full appointment procedure if the term of reappointment to CEDA is for six months or less.

Board members should not be given any expectation that they will be offered a subsequent term of office.

3.9 Removal

A director of CEDA may be removed from office by notice from the Joint Committee at any time.
3.10 Local Government Act

Any appointment or removal of a director must, at all times, comply with the Local Government Act 2002.

3.11 Vacation of Office

A Director vacates office if any of the following occurs:

a) The Director resigns by notice in writing to the Chairperson of the Joint Committee. The notice is to be effective when it is received by the relevant parties or at a later time specified in the notice;

b) The director is removed from office in accordance with clause 3.7;

c) The director becomes disqualified from being a Director pursuant to section 151 of the Companies Act 1993;

d) The director dies;

e) The director fails to attend three (3) consecutive meetings of the board without leave of the other directors.

3.12 Appointment of Directors by the Board

Where a director vacates office, the continuing directors may, with the written consent of the Joint Committee, appoint any other qualified person to hold office as a director in that director’s place until a replacement director is appointed by the Joint Committee.

3.13 Chairperson

The Chairperson of the board shall be appointed from the members of the board by the Joint Committee. If the Joint Committee appointed Chairperson is not present at any meetings then the members present can appoint a Chairperson for that meeting.

3.14 Eligibility for Appointment

Appointment of Councillors
Under this policy, no councillors may be appointed to the board.

Appointment of Council Officers
Under this policy, council officers are ineligible to serve as a director on the board.
Any board member applying for employment with either council should resign from the board immediately following an offer of appointment.

Appointment of CEDA Executives to CEDA board
Board members should be independent from management and should not hold executive positions in CEDA.
In the event that that a board decides that one of its members should fill a vacancy in the executive team, the board member must first resign from their position on the board.
Other Exclusions
Immediate family members, of elected members, of the chief executive, and of second tier managers of either Council are also prohibited from serving as board members of CEDA.

4. REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Board members’ fees will compensate board members fully for their normal contribution to the board, including attending board and Committee meetings, meeting preparation, stakeholder management and any other agreed tasks.

Board members’ fees will reflect the element of public service in serving on the board of a CCO and will accordingly be set at level for comparable public sector entities.

To ensure transparency, fees will be set by the Joint Committee for the board members and Chair, rather than allocating a pool to be distributed by the board. Fees are to be met from CEDA’s own resources.

4.1 Fee Setting

Board members’ remuneration will be reviewed once per triennium following council elections. A full review will be conducted and will include benchmarking against comparative entities. The review will consider market movement and the final decision on board members’ remuneration will be made by a resolution of the Joint Committee. Fees will be set taking into consideration the following:

a) the size and scale of CEDA (e.g. turnover, value of assets, number of employees)
b) complexity and scope of operations (e.g. complexity of issues, level of guidance for decision-making, relationship management responsibilities)
c) accountability (e.g. scale of market risk, public interest and profile, potential risk to director reputation, and other key risks)
d) skills - the type of expertise and specialisation needed.

Special considerations may also be included in setting fees, such as a temporary increase in workload for the board, or difficulties in recruiting particular skills.