

AYLESBURY VALE BROADBAND LTD

1. Purpose

- 1.1 To allow the Finance and Services Scrutiny Committee to review and comment upon the report relating to the remuneration terms of Directors of Aylesbury Vale Broadband.

2. Recommendations / For Decision

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| 2.1 | Note the content of the attached report. |
| 2.2 | Make any relevant comments or suggestions with regards to the report that will be considered by Cabinet on 12 July 2016. |

3. Supporting Information

- 3.1 Cabinet will be receiving a report (attached) on 12 July seeking approval to permanently appoint a Managing Director for Aylesbury Vale Broadband with a salary of £60,000 per annum.
- 3.2 The Cabinet report provides background information on the formation and operation of AVB and is also asking that responsibility be delegated to the AVB Shareholder representative to determine the terms and conditions of the appointment, and for any further changes to the salary and terms and conditions to be the responsibility of the AVB Board.
- 3.3 Any comments / suggestions made by the Scrutiny Committee will be reported verbally at the Cabinet meeting on 12 July 2016.

4. Options Considered and Resource Implications

- 4.1 These are both detailed in the Cabinet report.

Contact Officer: Evelyn Kaluza, Managing Director (01296) 585158
Background Documents: none

AYLESBURY VALE BROADBAND LTD
Councillor Janet Blake
Cabinet Member for Transformation

1 Purpose

- 1.1 The remuneration terms of Directors of Aylesbury Vale Broadband is a reserved matter under the Shareholder Agreement. This report seeks approval for the permanent appointment and remuneration terms for the Managing Director for Aylesbury Vale Broadband (AVB).

2 Recommendations/for decision

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|-----|----------------------------------------------------------------------------------------------------------------------------|
| 2.1 | To approve the permanent appointment of the Managing Director for Aylesbury Vale Broadband with a salary of £60k per annum |
| 2.2 | To delegate responsibility to the AVB Shareholder representative to determine the terms and conditions of the appointment |
| 2.3 | Any further changes to the salary and terms and conditions to be the responsibility of the AVB Board |

3 Supporting information

- 3.1 In April 2015 Council approved the business case for the formation of AVB to roll out super fast broadband to villages in Aylesbury Vale. The first stage was a pilot in North Marston and Granborough which resulted in further funding of £500k to continue the expansion to other villages.
- 3.2 The company is structured with the majority shareholder (95%) AVDC and 5% Ironic Thought who have been the lead in managing the project. The Shareholder Agreement states that no dividends are to be paid to any of the shareholders. The only time the shares can be realised is upon sale of the Company.
- 3.3 There are 4 directors, 3 from AVDC and 1 from Ironic Thought.
- 3.4 For the past 12 months Ironic Thought have been responsible for the founding, network roll out and day to day running of AVB on a consultancy basis. The role of Ironic Thought within AVB was initially seen as part time as part of the pilot and on this basis a consultancy fee per month was agreed which since April has increased to reflect the additional work.
- 3.5 AVB is now expanding its ultra-fast fibre network to other villages in Aylesbury Vale (it was announced recently that Swanbourne and Oving are the first villages to be included in AVB's expansion). Given the increased demands on staff time as a result of this expansion, the strategic importance of Ironic Thought's role to AVB and the risk the company currently faces (due to the transitory nature of consultancy) it is considered to be in AVB's best interest for the consultancy arrangement to be turned into a paid employment role of Managing Director. This move will provide the company with much needed

stability as it continues its current growth trajectory.

- 3.6 As the company grows there will also be the need to employ further staff and therefore having a Managing Director as an employee who will provide the leadership and management of those staff as it grows is essential.
- 3.7 The Shareholders Agreement states that the remuneration terms of Directors are to be a Reserved Matter unless approved under the Business Plan and that is why a decision is being sought.
- 3.8 It is proposed that an annual salary of £60k is approved and any annual pay rise is furthermore a decision for the AVB Board.
- 3.9 AVB has funding in place to ensure any financial obligations, as a consequence of employing a Managing Director, can be met whilst still allowing the company to implement its expansion plans. A fully revised business plan and set of accounts will be reported to Cabinet in September 2016 and Finance and Services Scrutiny in October 2016.

4 Options considered

The option to continue with the consultancy fee arrangement was considered by the board and on balance it was felt the salary option provided greater certainty over the longer term needs to grow and manage the business.

5 Reasons for Recommendation

To ensure the continued commercial success of AVB.

6 Resource implications

- 6.1 There are no further resource implications.

Contact Officer

Evelyn Kaluza, Commercial Sector Lead - IP/People Tel: 01296
585549

Background Documents