

MINUTES

SHAREHOLDER COMMITTEE
MONDAY, 9 JANUARY 2017



COMMITTEE MEMBERS PRESENT

Councillor Bob Adams (Chairman)
Councillor Ashley Baxter
Councillor Teri Bryant

Councillor Mrs Frances Cartwright
Councillor Michael Cook

OFFICERS

Chief Executive (Beverly Agass)
Strategic Director (Tracey Blackwell)
Corporate Finance Manager (Richard Wyles)
Business Manager, Legal & Democratic (John Armstrong)
Principal Democracy Officer (Jo Toomey)

OTHER MEMBERS

Councillor Jacky Smith

6. DISCLOSURE OF INTERESTS

No interests were disclosed.

7. MINUTES OF THE MEETING HELD ON 3 OCTOBER 2016

The minutes of the meeting held on 3 October 2016 were proposed, seconded and agreed as a correct record.

8. DRAFT HOUSING BUSINESS PLAN AND GOVERNANCE ARRANGEMENTS

Decision:

1. The Shareholder Committee agrees to the formation of a single company structure
2. The Shareholder Committee agrees the contents of the business plan (appended to report number CFM403) with its focus on the development of new, quality housing
3. The Shareholder Committee recommends the incorporation of the necessary funding arrangements (as set out in the Business Plan) into the budgetary framework proposals for 2017/18

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4. **The Shareholder Committee approves the appointment of the directors for the company as listed on page 4 of report number CFM403 subject to the review of those appointments at the company's Annual General Meeting and agreement by each individual that they understand their roles and responsibilities and any further independent legal advice has been sought**
5. **The Shareholder Committee is asked to approve the formal registering of the company under the name Gravitas Housing* once confirmation has been received from all directors that they understand their roles, responsibilities and their position with regard to liability.**

****If, at the time of registration, Gravitas Housing is not available, the company should be registered as TaSK Housing.***

The Corporate Finance Manager summarised report number CFM304 on the draft business plan for the Local Authority Controlled Company and its associated governance arrangements. He summarised the key areas that the committee was being asked to consider at the meeting:

- The formation and structure of the company
- The contents of the business plan
- The incorporation of the business plan requirements within budget proposals
- The employment of directors
- The name of the company to enable formal registration

It was clarified that the varying references within the report to 'the business plan', 'the housing business plan', 'the draft business plan', etc. all related to the same business plan: that which was attached to the report as an appendix to the report.

The Corporate Finance Manager explained that while it had been the original intention to set up an umbrella company with subsidiaries, internal and external legal advice and the experience of other local authorities had led to a change in recommendation. The Shareholder Committee was being asked to consider the formation of a standalone company with a focus on housing. It was felt that for a single stream of work the governance for a parent/subsidiary arrangement would be too cumbersome. Starting with a single company would not prevent the future creation of a parent company with subsidiaries. Two potential areas of work for the company were suggested; the first was intervening in the rental market to raise standards and address the priorities areas of improving neighbourhoods and tackling fuel poverty. The second option related to a new build project in respect of a piece of land that was in the Council's ownership (discussed in the exempt appendix to the business plan). It was noted that concentrating on new builds in the first instance could dovetail with Government initiatives on starter homes that the Council had expressed an interest in.

Members supported the recommendation to create a single company in the first instance and agreed it should focus on new build developments. Members felt that as the Council already had experience and expertise in new build projects, this would provide a good test of the company's structure and governance arrangements.

The Committee was also supportive of the proposed funding arrangements of a 60:40 debt/equity split. The company would procure the services it needed from the Council. This arrangement would be established through a Service Level Agreement (SLA). It was not expected that the housing company would need to procure services externally to support the new build project. If at any point external support was required, it would be procured by the company. The SLA would be prepared following the determination of the company's remit and shared with members at the next meeting of the Shareholder Committee.

Lengthy discussion ensued on the directorships of the company. Members established that the time spent by the directors (together with any other officers from the Council) carrying out work on the company's behalf would be recorded through a timesheet and charged to the company. Assurance was also sought that while the directors had to be named individuals, there would be a clause that meant their directorship would cease when they left the employment of the Council.

Members were in general agreement with the list of directors proposed in report number CFM403. They felt that it was appropriate that as statutory officers for the Council that neither the Monitoring Officer nor the Section 151 Officer was included. There was some discussion about whether there would be a conflict of interests if the Chief Executive became a board member. In talking to the Chief Executive, the Committee identified that there was a potential conflict between the Chief Executive as the Head of Paid Service and a member of the Company's board, although the Committee agreed that there could be some merit to the Chief Executive sitting as part of the Board during the early stages of the company's activity. Any further legal advice on the role of directors or potential conflicts of interest could be obtained before the names of the directors were registered.

All individuals taking up a directorship would need to understand what it entailed; job specifications setting out the roles and responsibilities of board members had been developed. The personal and professional liabilities of each of the directors would also need to be properly managed and appropriate assurances put in place before they were formally committed through the registration of the company. Each of the directorships would be subject to a training needs analysis to ensure that they understood their role within the company and how it related to their role as a Council officer. It would also be necessary for each director to identify potential conflicts of interest that fell outside the working environment and the perception of those. It was also important for Shareholders to understand their role in holding the company and directors to account.

Members agreed that the company should not be registered until each of the

directors was aware of the role they would fill in the company and they had confirmed that they were happy with the assurances in place around their professional and personal liability. Their directorship would also be reliant on them not raising any conflicts of interest.

Discussion turned to the name under which the company would be registered. Members were advised that at the time of the meeting both Gravitas Housing and TaSK Housing were available. It was the consensus of the Committee that officers should arrange for the registration of the company as Gravitas Housing. If, at the time of registration, Gravitas Housing was no longer available, officers were authorised to register the company as TaSK Housing.

The company would be subject to audit; audit arrangements should remain separate from the Council's audit arrangements.

It was proposed, seconded and agreed that the press and public be excluded from the meeting in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended, because of the likelihood that information exempt under that provision would be discussed.

14:49 – The press and public were excluded from the meeting

Members discussed the exempt appendix to the draft business plan, which related to a potential project for the company. Members agreed that the proposal would be a suitable project and that consequently it should be incorporated within its business plan.

15:05 – The exempt session was closed

The recommendations in report number CFM403 were proposed, seconded and agreed subject to the caveats outlined during the Committee's debate.

9. CLOSE OF MEETING

The meeting was closed at 15:06.