



AGENDA

For a meeting of the
SHAREHOLDER COMMITTEE

to be held on

WEDNESDAY, 11 OCTOBER 2017

at

10.00 AM

in the

**WITHAM ROOM - COUNCIL OFFICES, ST. PETER'S HILL,
GRANTHAM. NG31 6PZ**

Aidan Rave, Chief Executive

Chairman

Councillor Barry Dobson

Councillor Ashley Baxter
Councillor Graham Jeal

Councillor Matthew Lee
Councillor Jacky Smith (Vice-Chairman)

Committee Support Officer: Jo Toomey Tel: 01476 40 60 80 extn 6152
E-mail: j.toomey@southkesteven.gov.uk

Members of the Committee are invited to attend the above meeting to consider the items of business listed below.

1 MEMBERSHIP

The Committee to be notified of any substitute members.

2 APOLOGIES

3 DISCLOSURE OF INTEREST

Members are asked to disclose any interests in matters for consideration at the meeting.

4 MINUTES OF THE MEETING HELD ON 3RD APRIL 2017 (Pages 3 - 5)

(Enclosure)

EXCLUSION OF THE PUBLIC

It is anticipated that in accordance with Section 100A (4) of the Local Government Act 1972 (as amended) the public may be excluded from the meeting during consideration of the following item of business because of the likelihood that otherwise exempt information, as described in paragraph 3 of the Act (as amended) would be disclosed to the public.

5 WHERRY'S LANE, BOURNE BUSINESS PLAN (Pages 6 - 17)

Report from Gravitas Housing Ltd.

(Enclosure)

6 STATUTORY OFFICER REPORT (Pages 18 - 21)

Report LDS239 from the Deputy Leader of the Council and Cabinet Member for Business Transformation and Commissioning.

(Enclosure)

7 NEW DIRECTOR

Report LDS240 from the Deputy Leader of the Council and Cabinet Member for Business Transformation and Commissioning.

(Report to Follow)

8 ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

MINUTES

SHAREHOLDER COMMITTEE
MONDAY, 3 APRIL 2017



COMMITTEE MEMBERS PRESENT

Councillor Bob Adams
Councillor Ashley Baxter
Councillor Terl Bryant

Councillor Mrs Frances Cartwright
Councillor Nick Craft

OFFICERS

Executive Manager, Corporate (Lucy Youles)
Principal Democracy Officer (Jo Toomey)

OTHER MEMBERS

Councillor Jacky Smith

DIRECTORS

Strategic Director, Growth (Steve Ingram)
Strategic Director, Environment and Property (Tracey Blackwell)
Business Manager, Legal & Democratic (John Armstrong)
Corporate Finance Manager (Richard Wyles)

10. MEMBERSHIP

The Committee was notified that Councillor Craft would be substituting for Councillor Cook for this meeting only.

11. DISCLOSURE OF INTERESTS

No interests were disclosed.

12. MINUTES OF THE MEETING HELD ON 9 JANUARY 2017

The minutes of the meeting held on 9 January 2017 were proposed, seconded and agreed as a correct record.

13. DELIVERY OF BUSINESS PLAN FOR GRAVITAS HOUSING

Decision:

1. The Shareholder Committee approves the delivery plan in respect

of the housing development opportunity and will receive regular reports with respect to the progress of delivering the outcomes

2. The Committee approves the release of funding from the Council to support the delivery of the business plan

The Corporate Finance Manager introduced report number CFM416 and updated members on the activity relating to the company that had taken place since the last meeting of the Committee. The company had been formally registered, as had the directors. Funding to support the formation of the company had also been approved as part of the Council's budget for 2017/18. Appendix A to the report was the exempt business plan for the company, appendix B provided a high level delivery plan and appendix C was a draft Service Level Agreement between the Council and the company. Members were advised that external legal advice had been sought in the preparation of the Service Level Agreement, which provided clarity around the governance of the company and its separation from the district council.

The financial provision for the company that had been included within the Council's budget was based on a mix of equity and loan. In the first instance the equity funding, which constituted the Council's investment in the company, would be transferred. The loan would follow when the equity element had been fully utilised. The Committee was advised that there would be greater certainty over the level of funding required after the company had gone to the market; any departures would need to go back through the Council's budget process.

Other work that was underway included:

- Preparations for accounting arrangements and maintaining a separate ledger system from the Council's
- Brand identity
- Communications about the new company
- Terms of reference for the board
- Training plans for directors of the company and members of the Shareholder Committee.

The company would also need to appoint auditors; the auditor could be the same as the Council's but separate arrangements would be needed.

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.

14:11 – The press and public were excluded from the meeting

Discussion ensued about disposal options on completion of the development and the return that the company could expect. A suggestion was made that shared ownership could also be considered in respect of the development.

Members commented on the identified housing need in Bourne, how that was already being met by the market and where the company could add benefit. Members were also interested in the distinction between the open market housing that the company would develop, the council as a social housing provider and whether there would be opportunities for the two to work together.

Members asked whether there would be an opportunity to buy into a leger system that was currently used by another local authority controlled company or whether there might be the potential to raise income by letting other companies buy into Gravitas' leger.

During discussion, comments were made about the identity of the company's directors as, at its previous meeting, the Committee had suggested that the Chief Executive might be included. The Chief Executive's role as Head of Paid Service and as an advisor to the Council could mean that they would have a conflict of interest if they sat as a director of the company. To maintain a clear distinction between the two roles, the Chief Executive had not been registered as a director. It was noted that the company directors could be reviewed as often as it was felt appropriate.

One member asked whether it would be possible to design the development to include solar panels and whether there was a potential cost-benefit to this.

14:35 – The exempt session was closed

The recommendations in report number CFM416 were proposed, seconded and agreed.

14. CLOSE OF MEETING

The meeting was closed at 14:36.

Agenda Item 5

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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of the Local Government Act 1972.

Document is Restricted



Agenda Item 6

SHAREHOLDER COMMITTEE

Report of: Councillor Kelham Cooke, Deputy Leader of the Council and Cabinet Member for Business Transformation and Commissioning

Report to:	SHAREHOLDER COMMITTEE
Date:	11th October 2017
Subject:	Role of the Council's Statutory Officers in relation to Gravitas Housing Limited –LDS239

Decision Proposal:	Report for information and consideration of further action
Relevant Cabinet Member:	Councillor Kelham Cooke Deputy Leader of the Council and Cabinet Member for Business Transformation and Commissioning
Report author:	Lucy Youles – Assistant Director, Legal and Democratic. E-mail: l.youles@southkesteven.gov.uk . Tel:01476406105 Date: 28.9.17
Reviewed by:	Daren Turner – Strategic Director E-mail: d.turner@southkesteven.gov.uk Tel: 01476406301 Date: 28.9.17
Approved for publication	Councillor Kelham Cooke Date: 28.9.17

SUMMARY

The Council has created a local authority controlled company (Gravitas Housing Limited) to create opportunities to deliver the Council aims and ambitions outside of local government operating arrangements and to create an entity that will, over time, deliver financial benefits back to the Council.

The statutory officers of the Council have not been appointed as directors of the company and will assist and advise the Shareholder Committee to ensure that the Company has complied with the necessary governance and performance requirements. Independent advice has been sought to establish the actions required by the Council's statutory officers to develop an understanding of compliance.

RECOMMENDATION

It is recommended that the Committee note the contents of the report and determine further actions and reporting requirements to ensure the Board of Directors of the company have fully complied with all governance and performance requirements.

1. BACKGROUND TO REPORT

- 1.1** In order to fulfil their duties it is essential that both the S.151 and Monitoring Officer have an understanding of how the company is functioning, that it is operating legally, that decisions which are taken are reasonable, and that it fits with the objectives set by the Council. In particular, especially as the company becomes more established, it will be important to determine that the behaviour and objectives of the company continue to accord with the Council.
- 1.2** As neither the S.151 nor the Monitoring Officer sit on the Board of Directors of the company, the following actions should be carried out and agreed with the Board of Directors:
 - Attend the board meetings – This would be done as required from time to time as observers by doing so, it should be possible to gain an understanding of the direction the Directors are taking the company and the decisions that they are making;
 - Reporting – there should be put in place a system whereby the company directors provide customised monthly or bi-monthly reports of relevance to the s151 and Monitoring Officer; with a proviso that identifies key objectives in the business plan, and if they are not being achieved then officers are alerted. The s151 officer should for example be able to see copies of the company's accounts upon request;
 - Company business plans – there should be involvement from the outset and with any future business plans, which will allow for proper administration and conduct from inception of the business plan and with measures of how this is being achieved. This is one of the most critical measures. The business plan will set out what the company aims to achieve over the next period of time and shall also set out milestones along the way to achieving this, which provides an opportunity to measure performance;
 - Review Company feedback – this will give an indication on how the company is performing, and any issues of concern may be highlighted.
- 1.3** Any information obtained by the statutory officers should be reported to the Committee to ensure the Committee can review the company's business plans and monitor performance. If a lack of performance is detected, the Committee must identify the cause and engage a dispute resolution procedure to resolve any issues. There is no requirement for the company to appoint a company secretary, however, the Council must ensure that the company has complied with statutory requirements. It may be possible to appoint a non-executive director who would be expected to bring an independent judgment on standards of conduct, performance and strategy ideally based on significant relevant experience.

1.4 We need to be clear that the role of overview and scrutiny is not to scrutinise the performance of the company, however, overview and scrutiny arrangements could be engaged to scrutinise the performance of the Committee and the Council Members charged with ensuring the performance of the company.

2. OTHER OPTIONS CONSIDERED

No other options have been considered at this stage. Arrangements for monitoring and reporting should be agreed in writing and kept under review by the Committee to ensure that those arrangements are fit for purpose.

3. RESOURCE IMPLICATIONS

The resource required to service the Committee and to monitor the actions of the company should be kept under review to ensure adequate resource is available.

4. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
None	

5. ISSUES ARISING FROM IMPACT ANALYSIS (EQUALITY, SAFEGUARDING etc.)

No analysis is required in respect of the content of this report.

6. CRIME AND DISORDER IMPLICATIONS

None

7. COMMENTS OF FINANCIAL SERVICES

There are no direct implications arising from this report. This report clarifies the separate roles of officers between those that advise the Council and those acting in the interests of the company.

8. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

8.1 Under case law and legislation, the overriding duty of the s151 officer is to fulfil the statutory responsibilities attached to the position, which includes (amongst other things) "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs" in accordance with s.151 of the Local Government Act 1972

8.2 The Monitoring Officer also has legislative duties, and "it shall be the duty of every relevant authority to designate one of their officers as the Monitoring Officer to, amongst other things, report on matters that they believe are illegal or amount to

maladministration, and in relation to the code of conduct" in accordance with s.5 of the Local Government and Housing Act 1989. Members, officers and the public, tend to look to these officers to guide and advise on good corporate governance and to provide assurance that the Council is operating correctly.

9. COMMENTS OF OTHER RELEVANT SERVICES

None

10. APPENDICES

None

11. BACKGROUND PAPERS

None