

MINUTES

CONSTITUTION COMMITTEE
MONDAY, 1 FEBRUARY 2016



COMMITTEE MEMBERS PRESENT

Councillor Damian Evans
Councillor Mrs Rosemary Kaberry-Brown (Vice-Chairman)
Councillor Bob Sampson
Councillor Ray Wootten (Chairman)

OFFICERS

Corporate Finance Manager (Richard Wyles)
Executive Manager Corporate (Lucy Youles)
Democratic Officer (Lucy Bonshor)

OTHER MEMBERS

Councillor Bob Adams
Councillor Teri Bryant
Councillor Kelham Cooke

81. APOLOGIES

An apology for absence was received from Councillor Johnson.

82. DISCLOSURE OF INTERESTS

None disclosed.

83. MINUTES OF THE MEETING HELD ON 14TH DECEMBER 2015

The minutes of the meeting held on 14th December 2015 were agreed as a correct record.

84. FORMATION OF SHAREHOLDER COMMITTEE AND TERMS OF REFERENCE

Recommendation:

That the Constitution Committee recommends to Council the following:

- 1) *A new Article 12 to be added to the Constitution to establish a Shareholder Committee to support the development of a wholly owned local authority company.*
- 2) *The Terms of Reference as shown at Appendix 1 to report CFM356*

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- are incorporated into the Constitution at the new Article 12.*
- 3) *That the numbering of subsequent Articles be amended to include the new Article 12.*

These recommendations to take effect at the Annual Council meeting on 21st April 2016.

Members had been circulated with report CFM356 which set out the requirement for a new Committee of the Council to be established to support the development and Strategic Management of a wholly owned local authority company. The Corporate Finance Manager explained the background to the work that had been done by a cross PDG Working Group considering the business case to form a Local Authority Controlled Company (LACC). They had considered and made recommendations in respect of the governance arrangements. Following the Executive meeting on 7th December work was continuing to establish the governance arrangements in accordance with the Executive decision. The Council, as the sole shareholder would be represented by the Shareholder Committee which would set the strategic direction of the company including the development of the business plan. The Shareholder Committee would be made up of Councillors and the Board would be made up of Officers. The Committee would hold the Board to account, but the Board was responsible for the operational delivery of the business plan of the Company. Non executive Members of the Board may be brought in based on their specific specialism's or commercial expertise. The proposal was for a generic parent company that had appointed directors and associated articles of association with a clear focus to operate on commercial activity. Individual business cases would be considered by the Board, initially these would focus on:

- Acquisition of housing (market rentals)
- Acquisition of commercial property (capital investment for revenue return)
- New build programme outside of HRA
- Trading of services (to other LA's, private sector)

With financial pressure currently on the HRA the LACC could generate a return on investments that would benefit both the General Fund and the Housing Revenue Account. It would help stimulate the private sector housing market and create long term capital growth by investing in assets that generated income streams.

The Shareholder Committee needed to be clear about its Terms of Reference and what the Board was permitted to do. Changes to the business plan would be authorised by the Shareholder Committee and also the composition of the Board.

Two other key documents were the Shareholder Agreement and the Articles of Association both of these were being worked on and once the Terms of Reference were agreed the Company could be registered. Reference was made to page 17 of the agenda pack and parameters noted in 1, 2 and 3, these

had the potential to be on the low side and a mandate for step change to increase the amount slightly maybe needed to allow the Committee and Board to operate.

The Chairman asked about set up costs of the Company. The Corporate Finance Manager confirmed that no further set up costs were required. Another Member referred to the Investment Strategy which had been dealt with at a recent PDG. The Corporate Finance Manager replied that this was a completely separate document and dealt with how the Council could be self financing by 2019 when the RSG funding stopped. A further question was asked about the Remuneration policy. This referred to the Remuneration Panel that the Council had to consider remuneration for the new Chairman and Vice-Chairman of the Committee. Another question was asked about tax and the financial implications to which the Corporate Finance Manager replied. Other questions were asked about how many meetings the Shareholder Committee would hold during a year (scheduled to meet quarterly), how many Councillors would be on the Committee, how many for the meeting to be quorate (Council Procedure Rules would apply to the new meeting) would there be enough provision within the Shareholder Committee for the subsidiary companies to which the Corporate Finance Manager replied.

The Shareholder Committee would be a public meeting and political balanced would be required as per the Council's other Committees. It was proposed that the recommendation to Council should include that the proposed changes should take effect from the Annual Council meeting and that the Committee membership would be allocated at the Annual Council meeting on 21st April 2016 together with all the other allocations.

Further questions were asked about the decision making carried out by the Chairman and the Vice-Chairman of the Committee. Any decisions made would be reported back to the next meeting of the Shareholder Committee. If it was felt that a decision needed to be made by the whole Committee then a further meeting of the Shareholder Committee would be arranged. Reference was then made to the Shareholder Agreement and the Articles of Association. These documents were necessary to establish a LACC and together with the proposed Terms of Reference for the Shareholder Committee had been drafted in accordance with specialist external advice which took into account lessons learnt from other authorities.

The recommendations contained within the report were taken en bloc and were proposed, seconded and agreed as recommendations to Council which would be put into effect at the Annual Council meeting on 21st April 2016.

85. TIMINGS OF MEETINGS

The Chairman informed the Committee that he had been in contact with all the Chairmen of the PDGs' and Committees to get their views on the timing of meetings. Each Chairman had discussed the issue with their relevant Group/Committee and each were happy with the current timings of meetings apart from the Chairman of the Communities PDG. The timetable that was

agreed at the Annual Council meeting was an indicative timetable of meeting dates and if the Chairman of the Group/Committee could not attend then the Vice-Chairman should chair the meeting. A discussion followed on holding meetings at different times - during mornings, afternoons and evenings, it was acknowledged that this was an ongoing issue and regardless of when a meeting was held there would always be someone who would not be able to attend due to other commitments/responsibilities. Employers were required to let employees attend meetings when they were elected; however, this was only if the operational requirements of the organisation could be met. It was felt that in order to change the demographics of elected Members the timing of meetings perhaps needed to change. A proposal was put forward to let the Chairmen of the Group/Committee decide on the timing of meetings with possibly some being held at alternative times, however although this received a seconder the proposal was lost. The Leader indicated that he would take it up with the Group Leaders and the Chief Executive about the timing of meetings and would report back to the Committee. It was proposed, seconded and agreed to leave the timing of the meetings as they were currently and wait to hear back from the Leader.

Decision:

That timing of meetings remain as they are currently and to wait to hear back from the Leader following his discussion with the Group Leaders and the Chief Executive

86. VOTING ON OUTSIDE BODIES

Recommendation:

That the Constitution Committee recommends to Council that voting on outside bodies remains as it is currently outlined (Article 4.13.7) within the Constitution.

Members discussed voting on outside body appointments and whether or not they wished to make a recommendation to change the way in which nominations were dealt with when there were multiple nominees and multiple posts for one organisation. Reference was made to the Annual meeting last year at which paper slips had been used. The majority of the Members present were happy using the electronic voting system and the system used as described in the Constitution provided the instructions given were clear. It was pointed out that it was only in exceptional circumstances that the number of nominations exceeded the number of vacancies. Usually the nominations were agreed in group before the annual meeting and ratified at the Council meeting. One Member was minded to support using the paper method but on the recommendations being put to the vote it was agreed to leave the method of voting as already outlined within the Constitution at 4.13.7.

87. ANY OTHER BUSINESS WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

The following item was considered as a matter of urgency due to the need to clarify when the proposed changes to the Policy Development Groups would take place following the decision made at Council on 21st January.

At Council on 21st January the decision was made to make changes to the Policy Development Groups which included the name change for Engagement PDG and also to increase the number of places on each PDG. Rather than carry out the changes mid cycle it was recommended that the changes proposed with regard to the Policy Development Groups would be made to take effect from the Annual Council meeting on 21st April 2016. Members agreed that the changes proposed to the Policy Development Groups would not take effect until the Annual Council meeting in April this proposal was moved, seconded and agreed.

Recommendation

That the Constitution Committee recommend to Council that the proposed changes to the Policy Development Groups as agreed at Council on 21st January 2016 be implemented from the Annual Council meeting on 21st April 2016.

88. CLOSE OF MEETING

The meeting closed at 11.23am.