

MINUTES

SHAREHOLDER COMMITTEE
MONDAY, 3 OCTOBER 2016



COMMITTEE MEMBERS PRESENT

Councillor Ashley Baxter
Councillor Teri Bryant (Chairman)
Councillor Mrs Frances Cartwright

Councillor Michael Cook
Councillor Nick Craft

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)

1. MEMBERSHIP

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

2. DISCLOSURE OF INTERESTS

No interests were disclosed.

3. COMPANY DRAFT BUSINESS PLAN AND ASSOCIATED GOVERNANCE ARRANGEMENTS

The Strategic Director introduced report number CFM390 and explained that the appended draft business plan was for the overarching company and that separate, specific business plans would be drawn up for each subsidiary company. The intention was for the business plan to be distinct from the documents traditionally produced by the Council to distinguish that the company was a commercial entity operating in its own right. The Corporate Finance Manager added that, based on the discussions of the workshop meeting of the Committee held in July 2016, officers had developed a draft mission statement that outlined the vision and values for the new company. Members were asked to consider whether the environment that they wanted to create through the company had been captured in the draft business plan.

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The Committee was also given an update on the governance arrangements, which had been approved via a non-key decision made since the Committee had last met by the Executive Member, Finance and IT.

Officers were asked to clarify how policy development group (PDG) members had shaped the early stages of the development of the company and its draft business plan. A working group, which consisted of members of the Communities and Resources PDGs had looked at the purpose and potential focus of the company. It had also considered its priorities including confirmation that the company would be commercially focussed with an element of social value. The work undertaken by the PDGs had informed the business case that had been approved by the Executive in December 2015.

Members gave their feedback on the draft mission statement, with some discussion concentrating on specific words within the draft vision. A suggestion was made that customers could be referred to as clients so that the terminology was distinct from that used by the district council. A suggestion was also made that 'the company' could be referred to as 'the organisation' as there was concern that the use of the word company could become confusing when subsidiaries were created. Following some debate members agreed that they did not wish to change the terminology.

The attention of members turned to the name of the company; a list of suggestions was circulated. The names favoured by members of the Committee were taSK and Gravitass Group Ltd. The overall consensus of members was that the overarching company should be named Gravitass, while taSK would make a good name for one of the subsidiary companies.

It was anticipated that the detailed business plan for the housing subsidiary of the company would be available for members to look through at the Shareholder Committee meeting scheduled for January 2017. An estimate was also made that the company would be in a position to begin operating from April 2017.

Questions were raised about section 7 of the draft document which related to charging arrangements between the company and its subsidiaries.

The business focus part of Section 4 of the draft business plan referred to the company reviewing the use of existing land and property assets. Members noted that at the start of its life, the Company would have no assets. Officers advised that the business plan covered the first three years of the company's operation. A suggestion was made that the next iteration of the business plan should reflect different levels of priority that indicate when during the company's first three years different activities were anticipated.

Discussion ensued on a potential government policy that would see the sale of any high value housing stock that the Council owned when it became void. Members recognised an opportunity for the company to purchase that stock and use it to provide larger rental properties.

Some concern was expressed about the possibility of the company being in direct competition with the Council. Members noted that the intention behind the company was that it would have greater freedoms and flexibility and it would be able to operate competitively in a commercial environment complementing the Council's offer

Members noted that in circumstances where the company was wholly owned by the Council it would be subject to the requirements of the Freedom of Information Act. Concerns were expressed that if the company was required to divulge commercially sensitive information, it would potentially impact adversely on the commercial success of the company. Members were advised that any request for information would be assessed against possible exemptions including an exemption related to commercial sensitivity. Each request would need to be assessed against the relevant exemption criteria.

Discussion turned to the Memorandum of Understanding and the Articles of Association, and the Shareholder Agreement which was signed off by the Executive Member, Finance and IT through the non-key decision process. It was suggested that clarification might be necessary in regard to who was entitled to speak at directors' meetings (paragraph 14.5 of the Memorandum of Understanding and Articles of Association). There was also discussion around the identity of the company secretary and the remuneration of directors, noting particularly the potential need to 'buy-in' specialist expertise and the transaction limit of £500,000; anything above this level would need to be referred back.

Members noted that the Company would be subject to audit arrangements. Reassurance was also given that lessons learned from other authorities that had set up commercial companies were taken into account during the development of the company's governance documents.

Members of the Committee were advised that they would be able to submit any further comments on the draft business plan until the end of October 2016, after which the plan would be amended to form the final version.

Exclusion of the Public

It was proposed, seconded and, on being put to the vote, agreed that:

The press and public be excluded from the meeting during discussion of the following item of business under paragraph 5 of Schedule 12A of the Local Government Act 1972 as amended because of the likelihood that information exempt under that provision would be discussed.

Members of the press and public were excluded.

4. LOCAL AUTHORITY CONTROLLED COMPANY - GOVERNANCE ARRANGEMENTS

The Business Manager, Legal and Democratic presented exempt report

number LDS185 on governance arrangements for the local authority controlled company.

The report gave an overview of, and legal advice on, the application of the Public Contract Regulations 2015 in the context of the local authority controlled company operating commercially. Explanations were also given about how the ways in which the company would be able to procure goods compared with the way in which the Council carried out its procurement activity.

On concluding discussion, the committee noted the advice.

5. CLOSE OF MEETING

The meeting was closed at 15:23.