

Meeting of the Companies Committee

Tuesday, 2 November 2021, 14.00



SOUTH
KESTEVEN
DISTRICT
COUNCIL

**Council Chamber – South Kesteven House,
St Peter’s Hill, Grantham. NG31 6PZ**

Committee Members present

Councillor Graham Jeal (Chairman)

Councillor Bob Adams
Councillor Ashley Baxter
Councillor Philip Knowles
Councillor Susan Sandall
Councillor Mark Whittington

Cabinet Members in attendance

Councillor Adam Stokes (The Deputy Leader of the Council)
Councillor Rosemary Trollope-Bellew (Cabinet Member for Culture and Visitor Economy)
Councillor Linda Wootten (Cabinet Member for Corporate Governance and Licensing)

Company Directors in attendance

Councillor Kelham Cooke ((InvestSK Limited and Gravitas Housing Limited) The Leader of the Council))
Councillor Robert Reid (Auber’s Ridge Management Company Limited)
Ken Lyon (Environment SK Limited)
Richard Wyles (Gravitas Housing Limited)

Officers in attendance

Karen Bradford (Chief Executive)
Nicola McCoy-Brown (Director of Growth and Culture)
Gary Smith (Director of Commercial and Operations)
Graham Watts (Head of Democratic Services (Deputy Monitoring Officer))
Shelley Thirkell (Acting Principal Democratic Services Officer)
Alex Woolf (Communications and Policy Officer)

20. Apologies for absence

Apologies for absence were received from Councillors John Dawson and Ian Stokes.

21. Disclosure of interests

There were none.

22. Minutes of the meeting held on 21 September 2021

The minutes of the meeting held on 21 September 2021 were proposed, seconded and **AGREED** as a correct record, subject to the following amendment:

- That Councillor Ian Stokes' attendance be noted.

23. Updates from the previous meeting

Members noted the updates on actions agreed at the previous meeting.

A query was made regarding Councillors Barry Dobson and Roberts Reid's appointments to Auber's Ridge Management Company Ltd. It was noted by the Member that they were appointed at the meeting of Companies Committee on 21 September and Councillor Reid had been formally appointed, however Councillor Barry Dobson had not. Clarification was sought as to why that was the case.

The Leader of the Council advised that due to a change in Cabinet Portfolios Councillor Barry Dobson was not formally appointed. Members were to be asked today to make formal appointments in line with the new Cabinet Portfolios.

24. EnvironmentSK Ltd - Appointment of Director Arrangements

Members were presented with a report on the appointment of Director arrangements for Environment SK Ltd and Environment SK Commercial Services Ltd.

The proposals for new Director appointments were due to recent changes that The Leader of the Council had made to Cabinet Member Portfolios following Councillor Dr Peter Moseley's recent resignation from Cabinet. Mark Jones had also retired from his role and a new appointment was to be sought as a replacement.

The Director appointments were sought as follows:

Environment SK Ltd

- Councillor Robert Reid, Cabinet Member for Housing and Property
- Councillor Adam Stokes, The Deputy Leader of the Council
- Councillor Paul Wood
- Claire Moses

Environment SK Commercial Services Ltd

- Councillor Robert Reid, Cabinet Member for Housing and Property
- Councillor Adam Stokes, The Deputy Leader of the Council
- Councillor Paul Wood

- Ken Lyon
- Claire Moses

The appointments ensured that both the Directorships for Environment SK Ltd and Environment SK Commercial Services Ltd were aligned.

The Committee raised the following:

- Concerns over the inclusion of grounds maintenance within the Housing and Property Portfolio, with Councillor Robert Reid being appointed to the Companies.

The Leader advised that Housing was indeed of high importance to the Authority and would continue to be so. The Director appointment would sit as an addition to the Cabinet Member's responsibilities. Councillor Reid provided assurances that a work plan was in place to oversee his duties. Housing was a top priority.

Clarification was provided with regard to any conflict of interest between Councillor Reid's role as Portfolio Holder for Housing and the ground maintenance requirements for the HRA, where any decisions were to be made. The Monitoring Officer had advised that there were no decisions anticipated with Environment SK Ltd that would be of a conflict of interest and any as such would be as an exception and would need to be declared.

- Welcomed the inclusion of Councillor Paul Wood, from the Independent group, as a Director.
- Did Councillors receive remuneration for their directorships of the Council's owned Companies?

The Leader advised that no allowance or remuneration was received.

- Who held the 'client role' within South Kesteven District Council for Environment SK Ltd and was there a clear separation between the roles of the Directorships?

Gary Smith as Director for Commercial and Operations would oversee the client role and link with Environment SK Ltd. There was a clear and distinct separation between South Kesteven District Council and Environment SK Ltd. Officers of Council reviewed the work of the Company to ensure standards and any issues were raised directly.

- What would Claire Moses provide the Company as a Director?

The Chief Executive advised that Claire Moses had vast experience within IT, Leadership, Finance and Customer Care. Her abilities would prove a great asset to Environment SK Ltd. Claire was keen to take upon the role, increase skills set and be of benefit to the Company.

- Was it anticipated that Environment SK Commercial Services Ltd would start trading within 2021?

Environment SK Ltd is reviewing its business plan which would be presented to Committee. Environment SK Ltd is a Teckal company, therefore can only perform 20% of its work outside the Council's portfolio. Should it increase beyond that, then Environment SK Commercial Services Ltd would undertake the work, to keep in line with the requirements of a Teckal company. The Leader advised that Environment SK Ltd was currently at 9% and fell well within the 20%.

The recommendations of the report were proposed and seconded, following a vote they were **AGREED**.

DECISIONS:

1. **That Companies Committee approved the appointment of Councillor Robert Reid, Councillor Adam Stokes, Councillor Paul Wood and Claire Moses as Directors to Environment SK Ltd.**
2. **That Companies Committee approved the appointment of Councillor Robert Reid, Councillor Adam Stokes, Councillor Paul Wood, Ken Lyon and Claire Moses as Directors to Environment SK Commercial Services Ltd.**

25. Gravitas Housing Ltd and Aubers Ridge Management Ltd - Director Appointments

The Committee received a report of the appointment of Director Arrangements for Auber's Ridge Management Company Ltd and Gravitas Housing Ltd.

Due to changes made in the Portfolio allocation of Cabinet Members it was necessary to update the Director arrangements for the Companies. Councillor Robert Reid, The Cabinet Member for Housing and Property had oversight within the broader housing aspect of his portfolio. The changes recommended were to add Councillor Robert Reid to both the Companies as Director and to remove Councillor Barry Dobson, The Cabinet Member for Leisure (as appointed by the Committee on 21 September 2021). Councillor Reid's appointment would sit alongside the existing Directors.

The following was raised by the Committee:

- Councillor Reid was already an appointed Director, why was the appointment being made again?

Richard Wyles (Director of Gravitas Housing Ltd) advised that the appointment was to re-affirm Councillor Reid's appointment to Gravitas Housing Ltd and Auber's Ridge Management Company Ltd, as agreed at the meeting held on 21 September 2021.

- Was the appointment of Councillor Reid to ensure a more profitable business and increase performance?

It was all the Directors of the Companies task to ensure that the scheme was finished and completed.

- Members asked for further clarity on the Directorship of Auber's Ridge Management Company Ltd and Gravitas Housing Ltd, as Companies House only showed that Richard Wyles was in place as Director for both Companies.

Clarification was provided to the Committee, Richard Wyles was currently a Director of both Companies.

Councillor Kelham Cooke was to be appointed to Auber's Ridge Management Company Ltd and Councillor Robert Reid was to be appointed to Gravitas Housing Ltd. Councillor Barry Dobson had resigned from his position on Gravitas Housing Ltd. This ensured that each Company had that same Directors. Necessary paperwork would be completed to ensure that this was reflected on Companies House.

The Chairman proposed the following:

- Councillor Kelham Cooke was to be appointed to Auber's Ridge Management Company Ltd.
- Councillor Robert Reid was to be appointed to Gravitas Housing Ltd.
- Councillor Barry Dobson be removed as Director for Gravitas Housing Ltd.

The proposals were seconded and following a vote, they were **AGREED**.

DECISIONS:

- 1. Councillor Kelham Cooke to be appointed to Auber's Ridge Management Company Ltd.**
- 2. Councillor Robert Reid to be appointed to Gravitas Housing Ltd.**
- 3. Councillor Barry Dobson be removed as Director for Gravitas Housing Ltd.**

26. InvestSK Ltd and Environment SK Ltd - Updates

The Chairman requested a verbal update on InvestSK Ltd.

The Leader of the Council, as Director of InvestSK Ltd provided the Committee with an update on the work of the Company.

InvestSK Ltd were supported by a small team of 4 officers, providing an excellent support to business throughout the District. The Team had led on the administration of £51 million business support grants throughout the Covid-19 pandemic, to nearly 3,000 businesses in South Kesteven. Work currently being undertaken was the administration of a £2 million pound discretionary fund, which was aimed at supporting new businesses and existing looking to diversify and build resilience post

Covid-19. £300,000 of which had currently been allocated, it was important that the fund be spent locally.

Grantham Future High Street Fund was underway, with the appointment of the Programme Manager in September. There had been liaison with stakeholders, property and landowners were taking place to move the scheme forward.

The Project Officer had continued to deliver the Heritage High Street Action Zone, in accordance with Historic England guidelines. There were already a number of positive outcomes; shop frontage improvements, civic and community engagement, heritage trails, scoping of sites and buildings of historic significance. Progress had recently been reported to the Culture and Visitor Economy Overview and Scrutiny Committee, which had been well received by Members.

The Stamford Business Club was to re-launch, InvestSK Ltd supporting the Committee and Chairman. InvestSK Ltd had been involved in Grantham, Bourne and Deepings business clubs and was hoping to bring all the Club Chairmen together to share best practice.

The Future High Street Funds Programme Manager had been supporting the Director of Growth and Culture with the Welcome Back Fund, to secure the funding and form the action plan. The fund would bring approximately £250,000 to help support high streets across the District, in particular the retail and hospitality sector, in the run up to Christmas.

A new Tourism and Visitor Economy Officer had been appointed, following the retirement of the former officer. This increased the InvestSK Ltd team to 5, building resilience required to support businesses across the District.

The InvestSK Ltd Manager had continued to support and engage with developers and landowners to help bring forward schemes to develop the local economy, notably Spitalgate employment land site, introducing end users to the site.

The Leader was pleased to note that the District was showing strong signs of recovering, the relationship between InvestSK Ltd and South Kesteven District Council was of great support.

The Chairman enquired about the InvestSK Ltd Business Plan and how what had been seen previously differed to the work currently spoken of.

The Leader advised that when he took on the role he changed the scope of the Company, to support the economic development and business engagement for the District. It was noted that no opportunities were “off the table” for InvestSK Ltd.

Further to the update on InvestSK Ltd the Chairman noted that the Committee were to be updated on the management figures for Environment SK Ltd. It was requested that Councillor Robert Reid (Director ESK Ltd), advise when an update would be provided to the Committee.

Environment SK Ltd had performed well with the delivery of its services. It had however struggled with recruitment and retention of staff; it was noted that was a sector wide issue. The financial position had been reviewed by newly appointed Director, who had requested numerous changes, whilst also reviewing the Company's Business Plan. The Company's Financial Statement, in a transparent and user-friendly format would be provided to the Committee on 25 January 2022, for their review.

ACTION 1

That Environment SK Ltd Financial Statement be presented to the Committee at its January 2022 meeting.

27. Work Programme 2021 - 2022

On reviewing the Committees work programme the following enquiries were made:

- A Member enquired if InvestSK Ltd's full and management accounts could be provided to members. It was noted that the accounts had been requested on numerous occasions and was keen to understand how review of them could be achieved.

Members were advised that the accounting year was in line with that of the Council's and were currently being audited and would then be added to Companies House. The Leader advised that the accounts would be brought to the 25 January 2022 meeting of the Companies Committee.

- Clarity was requested as to the number of staff in InvestSK Ltd.

There were currently 4 members of the InvestSK Ltd Team, with the 5th team member to be joining later in November 2021.

- Which Officer acted as client for InvestSK Ltd.

The Director for Growth and Culture was the client with South Kesteven District Council, for InvestSK Ltd.

- Would Governance and Audit Committee not review Council owned companies accounts.

Governance and Audit Committee's remit covered the financial affairs of the Authority and not that of the Council owned companies.

ACTION 2

That InvestSK Ltd Financial Statement be presented to the Committee at its January 2022 meeting.

28. Gravitas Housing Ltd - update

The Chairman introduced the agenda item to the Committee noting that due to an administrative error, the exempt appendices to the report had been published publicly. Questions would be welcome on the report and appendix, however as the Company was an ongoing business concern Members were to be mindful of what was being discussed publicly. The Chairman stated, if necessary, Members would need to consider resolving the exclude the press and public, to continue discussions.

It was re-iterated that on the completion of the project and sales within Gravitas Housing Ltd, the Committee would have a full review of the business, in the public domain.

The Committee were presented with a report of Gravitas Housing Limited, the report provided an update on the Wherry's Lane, Bourne Development Project.

The Leader noted that when the scheme was first enacted it was with a 5% profit target, this being different to most private sector developers who would aim to make a 20% profit. The main aim of the project was regeneration of Bourne Town Centre, part of Gravitas Housing Ltd aim was to bring forward projects that the private sector would not. The Council also received as part of the project £150,000 in New Homes Bonus, but also received Council Tax from those occupied properties and added town centre affordable homes.

Members were advised that the Company were working with their property agents to ensure the remaining units were sold. The remaining units did not have gardens, due to the pandemic the market had changed, gardens were much more desirable than pre-pandemic. The Company had addressed this with the agents and a re-evaluation of the market value had taken place and the property asking prices were amended accordingly. This had therefore had a negative impact on the profit margin. One further unit had sold since the publication of the report, with now only 7 remaining units.

Members of the Committee raised the following:

- When Gravitas Housing was set up Members re-called that it was described as the way of working for the future, was that still anticipated?

The Company's aim was to encourage regeneration within Bourne Town Centre, to bring forward development opportunities that the private sector would not necessarily have brought forward, due to low anticipated profits. Its aim was not to be in competition with private sector developers.

- When all of the properties were sold would Gravitas Housing Ltd cease trading, or were there any other future projects?

No decisions had been made on the future of Gravitas Housing Ltd, as the shareholder, Council would need to debate and take any decisions. Companies Committee would be a part of that process and make any recommendations.

- When would Bourne see the benefit of s106 funds paid as part of the development?

The section 106 funds had been used towards the HRA project - Manor Court, Bourne, which was almost at completion.

- Why had the Company considered the Council using the remaining unsold properties as council housing?

Members were advised that this had been investigated, it was noted that Housing Revenue Account (HRA) properties were subject to the Right to Buy and there would also be tax implications for the company which would have further impact on its projected profits.

- It was noted that Gravitas Housing had partly repaid the loan from South Kesteven District Council and Members enquired if the loan would be paid back in full.

The loan was to be paid within its maturity period of 15 years, Gravitas Housing Ltd had partly repaid with funds they had available. This reduced any interest charges on the loan for the Company, the ability to partly repay was set out as part of the loan agreement. It was confirmed that the loan would be repaid in full.

- Requested detail on the difference of the forecasted costs for construction and actual costs.
- What benefit in monetary value of what the project to the Council, but also any costs.

It was confirmed that the information would be included within the final report to the Committee, on completion of the Wherry's Lane, Bourne Project.

ACTION 3

That the full costs of construction of the Wherry's Lane, Bourne Development be included within the final report, on completion of the Project.

ACTION 4

That costs and benefits of the project to South Kesteven District Council also be included within the final report of the Wherry's Lane, Bourne Project.

29. **Any other business which the Chairman, by reasons of special circumstances, decides is urgent**

There were none.

30. **Close of meeting**

The Chairman closed the meeting at 15:25.