

Meeting of the Governance and Audit Committee

Friday, 26 April 2024, 10.00 am



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Patsy Ellis
Councillor Bridget Ley
Councillor Charmaine Morgan
Councillor Peter Stephens
Councillor Mark Whittington
Councillor Sue Woolley

Other Members present

Councillor Paul Fellows
Councillor Paul Stokes

Officers

Richard Wyles, Deputy Chief Executive
and Section 151 Officer
Graham Watts, Assistant Director
(Governance and Public Protection) and
Monitoring Officer

89. Apologies for absence

Apologies for absence were received from Councillors Rob Shorrock and Paul Wood. It was noted that Councillor Mark Whittington was attending as a substitute for this meeting only in place of Councillor Paul Wood.

Councillors Ashley Baxter and Richard Cleaver also presented their apologies for absence to the meeting.

90. Disclosure of interests

No interests were disclosed.

91. LeisureSK Limited - Board of Directors

The Cabinet Member for Leisure and Culture presented a report which recommended the appointment of Councillor Patsy Ellis (Cabinet Member for Environment and Waste), Councillor Philip Knowles (Cabinet Member for Corporate Governance and Licensing) and Mr Paul Sutton (Interim Deputy Section 151 Officer) onto the Board of Leisure SK Limited. The rationale for

the appointments was based upon the challenges currently facing the company and the under-representation on the Board which only consisted of two individuals, thereby meeting the minimum requirements for a quorum. The Cabinet Member was of the view that further representation was required on the Board with the right skill sets to support the existing membership of the Board and help move the company forward.

The Monitoring Officer provided clarification regarding the legal comments outlined in the report, whereby external legal advice had strongly recommended that Cabinet Members and Statutory Officers should not be appointed onto the Boards of wholly-owned Council companies without sufficient justification for doing so. Those recommended for appointment to the Board were two Cabinet Members and a Deputy Statutory Officer. The Monitoring Officer reported that, in consultation with the Leader of the Council, they both believed the current circumstances facing the company, particularly given the fact that the Governance and Audit Committee had been unable to appoint onto the Board of LeisureSK Limited at its previous meeting, meant that there was sufficient justification for appointing Cabinet Members and a Deputy Statutory Officer onto the Board.

Questions were raised as to why further information relating to the two Cabinet Members had not been provided in the report in relation to their respective backgrounds and what competencies, experience and skills they could bring to the Board of LeisureSK Limited. It was noted that they had been nominated by the Leader of the Council who, as set out in the report, had outlined that they were both Cabinet Members who had experience of managing finances within a corporate environment.

Concerns were expressed in relation to the legal advice that Cabinet Members should not be appointed onto the Boards of Council-owned companies. Furthermore, a question was raised as to any conflict associated with the Cabinet Member for Corporate Governance and Licensing and his relationship with the Governance and Audit Committee. The Monitoring Officer provided clarification that the role of the Governance and Audit Committee was solely the appointment of Directors to the Board. Scrutiny of LeisureSK Limited as a company would fall under the responsibility of the Culture and Leisure Overview and Scrutiny Committee. It was noted that conflicts of interest may occur as a result of being on the Board of LeisureSK Limited as well as being a Cabinet Member or Deputy Statutory Officer, but reassurances were provided that such conflicts could be managed.

Further discussion ensued on the rationale and need for the three nominees to be appointed, not from a personal perspective regarding the individuals concerned but in relation to why such appointments were necessary at this time. The Cabinet Member highlighted that in discussions with the Leader of the Council it was felt necessary to provide those existing Directors on the Board with additional capacity and support at a significant time for the company. The Chairman of the Culture and Leisure Overview and Scrutiny

Committee supported this stance, adding that the support of individuals who had the necessary ability and experience to help move the company forward was essential.

The Chairman invited the Committee to give due consideration to the nomination of Councillor Philip Knowles, Cabinet Member for Corporate Governance and Licensing. Further details relating to Councillor Knowles' experience of having sat on the Board of large private companies and his knowledge of governance were shared with the Committee. It was proposed, seconded and **AGREED** that Councillor Knowles be appointed onto the Board of LeisureSK Limited and that this be reviewed in six months.

The Chairman invited the Committee to give due consideration to the nomination of Councillor Patsy Ellis, Cabinet Member for Environment and Waste. Councillor Ellis provided the Committee with details associated with her background, experience and skillset. Having been proposed, seconded and voted upon, the number of votes in favour and against were tied. The Chairman therefore used his casting vote and it was **AGREED** that Councillor Patsy Ellis be appointed onto the Board of LeisureSK Ltd and that this be reviewed in six months.

Councillors Sue Woolley and Mark Whittington wished that their votes against the appointment of Cabinet Members be recorded in the minutes. They explained that this was solely from the perspective of the external legal advice that had been received recommending that Cabinet Members should not be appointed to the Board of a Council-owned company.

The Chairman invited the Committee to give due consideration to the nomination of Mr Paul Sutton, Interim Deputy Section 151 Officer. The Council's Deputy Chief Executive and Section 151 Officer provided the Committee with an overview of Mr Sutton's experience, particularly in relation to financial analysis and previous roles as a Director of Council-owned companies.

Discussion ensued on the remuneration associated with Directors of LeisureSK Limited. It was noted that those Councillors and Officers of the authority appointed as Directors of LeisureSK Limited would not receive any remuneration for their role as Directors.

Members discussed further the balance of the Board and whether too much emphasis was being placed on financial stewardship as opposed to operational issues and that of leisure. It was noted that the existing Non-Executive Director had significant experience in the leisure industry. Taking this into account, the majority of those in attendance were content with the proposed balance of the Board based on the nominations put forward.

It was proposed, seconded and **AGREED** that Mr Paul Sutton be appointed be appointed onto the Board of LeisureSK Ltd and that this be reviewed in six months.

The meeting closed at 11:05.