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Contact Officer:

John Armstrong, Democratic Services &
Elections Manager

16 February 2022

Dear Councillor

Your attendance is requested at a meeting of the **EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **THURSDAY, 24 FEBRUARY 2022** at 6.00 pm.

Yours faithfully

Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

MEMBERS OF THE EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE

Chairman:
Councillor Joss Bigmore (Leader of the Council)

Vice-Chairman:
Councillor Julia McShane (Deputy Leader of the Council)

Councillor John Redpath

Authorised Substitute Members:

Councillor Tim Anderson
Councillor Tom Hunt
Councillor John Rigg
Councillor James Steel

WEBCASTING NOTICE

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

QUORUM 3



THE COUNCIL'S STRATEGIC FRAMEWORK (2021- 2025)

Our Vision:

A green, thriving town and villages where people have the homes they need, access to quality employment, with strong and safe communities that come together to support those needing help.

Our Mission:

A trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community.

Our Values:

- We will put the interests of our community first.
- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will put the environment at the heart of our actions and decisions to deliver on our commitment to the climate change emergency.
- We will support the most vulnerable members of our community as we believe that every person matters.
- We will support our local economy.
- We will work constructively with other councils, partners, businesses, and communities to achieve the best outcomes for all.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

Our strategic priorities:

Homes and Jobs

- Revive Guildford town centre to unlock its full potential
- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration
- Support high quality development of strategic sites
- Support our business community and attract new inward investment
- Maximise opportunities for digital infrastructure improvements and smart places technology

Environment

- Provide leadership in our own operations by reducing carbon emissions, energy consumption and waste
- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel, and energy choices
- Work with partners to make travel more sustainable and reduce congestion
- Make every effort to protect and enhance our biodiversity and natural environment.

Community

- Tackling inequality in our communities
- Work with communities to support those in need
- Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills
- Prevent homelessness and rough-sleeping in the borough

AGENDA

ITEM NO.

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF REPLACEMENTS

2 DISCLOSURE OF INTERESTS

In accordance with the Councillors' Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

3 MINUTES (Pages 5 - 6)

To confirm the minutes of the meeting of the Committee held on 4 January 2022 as a correct record.

4 GUILDFORD BOROUGH COUNCIL HOLDINGS LIMITED AND NORTH DOWNS HOUSING LIMITED - VARIATION OF THE FINANCIAL ARRANGEMENTS (Pages 7 - 12) *

Key Decisions:

Any item on this agenda that is marked with an asterisk is a key decision. The Council's Constitution defines a key decision as an executive decision which is likely to result in expenditure or savings of at least £200,000 or which is likely to have a significant impact on two or more wards within the Borough.

Under Regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, whenever the Executive intends to take a key decision, a document setting out prescribed information about the key decision including:

- the date on which it is to be made,
- details of the decision makers,
- a list of the documents to be submitted to the Executive in relation to the matter,
- how copies of such documents may be obtained

must be available for inspection by the public at the Council offices and on the Council's website at least 28 clear days before the key decision is to be made. The relevant notice in respect of the key decisions to be taken at this meeting was published as part of the Forward Plan on 27 January 2022.

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EXECUTIVE SHAREHOLDER AND TRUSTEE COMMITTEE

- * Councillor Joss Bigmore (Chairman)
- * Councillor Julia McShane (Vice-Chairman)
- * Councillor John Redpath

*Present

Action By

20. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

There were no apologies for absence.

21. DISCLOSURE OF INTERESTS

There were no disclosures of interest.

22. MINUTES

The minutes of the meeting held 23 November 2021 were confirmed as a correct record. The Chairman signed the minutes.

23. GUILDFORD BOROUGH COUNCIL HOLDINGS: APPOINTMENT OF DIRECTORS

On 29 November 2021 the Board of Directors for Guildford Borough Council Holdings Limited (the "Holding Company") called a meeting whereby Tom Hunt, the only Director, made the decision to request that the Council appoint further directors in accordance with the Holding Company's Articles of Association.

Claire Morris

Accordingly, the Committee

RESOLVED:

- (1) That the following Directors be appointed to the Board of Guildford Borough Council Holdings Limited for the terms specified:
 - a. Andrew Hodges for a term expiring on 27 April 2024
 - b. Dennis Paul for a term expiring on 28 April 2024
 - c. Ian Doyle for a term of 4 years expiring on 3 January 2026
- (2) That all decisions made by the Holding Company over the past 18 months be ratified

Reason:

To fulfil the Council's corporate governance duties in respect of its subsidiary company.

The meeting finished at 6.07 pm

Signed

Chairman

Date

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Executive Shareholder and Trustee Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: Claire Morris

Tel: 01483 444827

Email: claire.morris@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 24 February 2022

Guildford Borough Council Holdings Limited and North Downs Housing Limited - Variation of the Financial Arrangements

Executive Summary

North Downs Housing Limited (NDHL) is the wholly owned housing company established by the Council in 2016, together with its parent company Guildford Borough Council Holdings Limited (GBCH). This report provides a summary of progress to date and seeks a variation to the financing arrangement originally proposed.

On 10 February 2017, the Executive varied an earlier decision and approved the grant of a 25-year secure variable rate loan of £1.44 million and the investment of £0.96 million in equity shares to be drawn down alongside the loan. On 18 July 2017, the Executive approved the business plan of NDHL and the investment of £22 million on a 60/40 loan/equity investment split.

Recommendation to Committee

1. To approve the increase in the 25-year secure variable loan to NDHL to £15.18million.
2. To approve the investment of £9.22million in equity shares in GBCH, to be drawn down alongside the loan to NDHL, of which £7,786,408 has already been invested.
3. To request that GBCH corrects the position in relation to the shares issued to the Council and the shareholdings in NDHL to address the issues set out in paragraphs 3.5-3.7 of this report.
4. To request an updated Business Plan from NDHL to cover future funding.

Reason for Recommendation:

To fulfil the Council's corporate governance duties in respect of its subsidiary company.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 The purpose of this report is to set out and seek approval of the funding structure of North Downs Housing Limited (NDHL).
- 1.2 Good business practice requires NDHL to have a Business Plan to support any proposals for additional funding in excess of the approved £24.4million.

2. Strategic Priorities

- 2.1 The Company supports all the Council's strategic priorities set out in the Corporate Plan and at present particularly supports homes and jobs by providing and facilitating housing that people can afford.

3. Background

- 3.1 On 23 February 2016, the Executive resolved to establish North Downs Housing Limited ("NDHL") and the parent company Guildford Borough Council Holdings Limited ("GBCH"). The Council is the sole shareholder in GBCH.
- 3.2 The Council provides funding to NDHL through a revolving loan facility and equity funding by the investment in shares in GBCH which in turn invests in shares in NDHL. On 21 February 2017 the Executive approved a variation to the original funding arrangements so that the initial £2.4million investment was split with the grant of a 25 year variable rate secure loan of £1.44million and an investment of £0.96million in equity shares. Determination of the finance arrangements, including the interest rate, was delegated to the Head of Financial Services. Pursuant to this decision the Council entered into a facility agreement on 23 August 2017 for a secured loan revolving credit facility of £1.44million.
- 3.3 On 18 July 2017 the Executive approved the medium-term Business Plan prepared by NDHL which identified a requirement of additional funds of approximately £50million and sought a further investment of £22million over a five-year period with a proposed loan to equity ratio of 60:40. The Executive resolved to transfer the investment fund of £22million to enable the business plan to be implemented.

4. Equity investment

- 4.1 The Council provides equity funding to NDHL through the purchase of shares in GBCH which in turn purchases shares in NDHL.
- 4.2 The share allocations for GBCH filed at Companies House are as follows:

Date	Allotted Shares	Total Shares in Issue
28 April 2016	1	1
13/06/2017 – 27/11/2019	3,943,400	4,903,400 (figure taken from the SH01 but according to the filing history there should only be 3,943,401 shares in issue)
07/01/2020 – 07/02/2020	556,400	5,459,800 (figure taken from SH01 but according to the filing history there should only be 4,499,801 shares in issue)

- 4.3 As of 17 December 2021, the Council's total shares in GBCH should be 8,746,409 and that similarly GBCH should hold 8,746,409 shares in NDHL. A request should be made to GBCH to recognise the issue of the 960,000 shares to meet this requirement (as well as any adjustment in the number of shares in NDHL).
- 4.4 An investment of £22million has already been approved by the Council and approval is sought that £8,260,000 of this investment is made through equity shares. This would provide the Council with a total of 9,220,000 shares in GBCH.

Loan Facility

- 4.5 The Council granted a 25-year secure variable rate loan to NDHL on 23 August 2017 and NDHL entered into a debenture providing security for the loan. The loan agreement has been amended to increase the loan facility to £15.18million in order to formalise and regularise the relationship between the Council and NDHL.

Future structure

- 4.6 A review of the company structure is presently underway and consideration being given as to the future operation. This now needs to consider the objectives of the companies and whether the present structure is the most efficient for achieving the Council's objectives. A further report will be brought to address these matters once the review has concluded.

5. Consultations

- 5.1 No consultations have been undertaken in relation to this report.

6. Key Risks

- 6.1 It is important that appropriate governance arrangements are in place for both GBCH and trading entities such as NDHL. The Council's relationship with NDHL and the funding mechanisms need to be clear and transparent.

7. Financial Implications

- 7.1 There are no financial implications for the report as the budget has already been approved.

8. Legal Implications

- 8.1 The Council, acting through the Executive Shareholder and Trustee Committee, has the power to operate and manage the GBCH using the General Power of Competence under s1 of the Localism Act 2011. In exercising its powers over the GBCH, the Council remains subject to its general duties, such as its fiduciary duty, and must exercise the power with a proper purpose.

9. Human Resource Implications

- 9.1 No Human Resource implications apply to this report.

10. Equality and Diversity Implications

- 10.1 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report

11. Climate Change/Sustainability Implications

- 11.1 No Climate Change and Sustainability Implications apply to this report

12. Summary of Options

- 12.1 The Committee may
- a. Approve the proposed funding arrangements – this provides good governance of GBCH and a structure for inviting further investment in NDHL; or
 - b. Not approve any further equity investment in NDHL – this does not achieve the Council's objectives.

13. Conclusion

- 13.1 The Committee is asked:
1. To approve the increase in the 25-year secure variable loan to NDHL to £15.18million.

2. To approve the investment of £8.26million in equity shares in GBCH, to be drawn down alongside the loan to NDHL, of which £7,786,408 has already been invested.
3. Requests that GBCH corrects the position in relation to the shares issued to the Council and its share holdings in NDHL.
4. To request an updated Business Plan from North Downs Housing Limited to cover future funding.

14. Background Papers

Executive Report 21 February 2017 'North Downs Housing Ltd'
[Item 07 - North Downs Housing Ltd.pdf \(guildford.gov.uk\)](#)

Executive Report 18 July 2017 'North Downs Housing Ltd Business Plan 2016 – 2046'
[Agenda item number: "Click to insert number" \(guildford.gov.uk\)](#)

15. Appendices

None

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