

Executive Shareholder and Trustee Committee

8 August 2024

Councillor Julia McShane (Chairperson)

* Councillor Tom Hunt (Vice-Chair)

* Councillor Angela Goodwin

* Councillor Carla Morson

* Councillor Catherine Houston

* Councillor Richard Lucas

*Present

Councillor Philip Brooker was in attendance.

Action By

5. APOLOGIES FOR ABSENCE AND NOTIFICATION OF REPLACEMENTS

Apologies for absence were received from Councillor Julia McShane who was replaced by Councillor Richard Lucas.

6. DISCLOSURE OF INTERESTS

Councillor Tom Hunt declared a non-pecuniary interest in respect of Item 4 as he held the position of Chairman of the Board of Directors for Guildford Borough Council Holdings.

Councillor Angela Goodwin declared a non-pecuniary interest in respect of Items 4 and 6 as she held the position of Director sitting on the Board of North Downs Housing.

7. MINUTES

The minutes of the meeting held on 28 February 2024 were confirmed. The Chairman signed the minutes.

8. APPOINTMENT OF CHAIRPERSON FOR ITEM 4

In the absence of the Leader and the Deputy Leader under Executive Procedure Rule 2.1 a chairperson was appointed to preside over the business of Item 4.

RESOLVED: To appoint Councillor Catherine Houston to preside for Item 4 of the agenda.

9. A REVIEW OF THE COUNCIL'S INTERESTS IN COMPANIES

Susan Sale

The council had various existing interests in Companies, whether by way of sole or joint ownership. The council exercised its shareholder function as an Executive function. The Leader had chosen to exercise the function via the Executive Shareholder and Trustee Committee.

The Committee considered a high-level report that set out the council's existing shareholder interests in Companies and the work that was recommended be undertaken to review the aims and objectives, management arrangements, financial and performance monitoring of each. There were some matters of governance to be immediately addressed and others set out in a work programme as a number of reports to be delivered to the Committee in November. These reports would concern the council's various interests in charities and companies, including an update on Guildford Borough Holdings Ltd which the Committee had previously resolved to wind up.

Councillors Goodwin and Hunt vacated the council chamber whilst the reported was discussed.

The Committee welcomed the report, noting it sought to improve oversight and clarity of the council's governance arrangements in respect of the charities and commercial interests with which it was involved. The recommendations supported the corporate strategic priorities of a resilient and well run council. Consequently, the Committee,

RESOLVED:

1. Noted the Council's interests in 'Guildford Sportsground Management Company', 'Guildford Borough Council Holdings' and 'North Downs Housing Limited' and the dissolution of 75 Ash Street Management Company Limited;
2. Delegated authority to the Joint Chief Executive, in consultation with the Leader of the Council, to appoint an additional Director to the Board of Guildford Sportsground Management Company as soon as possible and to replace

Ian Doyle and Kelvin Mills with alternative appointments on behalf of the Council;

3. Delegated authority to the Joint Chief Executive, in consultation with the Leader of the Council, to appoint an additional Director to the Board of Guildford Borough Council Holdings Limited as soon as possible and to replace Ian Doyle with an alternative appointment on behalf of the Council;
4. Noted that the Joint Chief Executive will encourage the Directors of Guildford Borough Council Holdings Ltd to make 4 additional appointments of Director to the Board of North Downs Housing Ltd, with one being a Guildford Borough Council officer, as soon as possible;
5. Approved the draft work programme set out at paragraph 6.4 and delegate authority to the Monitoring Officer to deviate from the work programme where appropriate, in consultation with the Leader of the Council;
6. To receive a report in August 2024 from the Lead Officer for North Downs Housing Ltd recommending an options appraisal be undertaken to inform the future of the Company;
7. To receive a report in November 2024 from the Lead Officer for Guildford Sportsground Management Company reviewing the objectives and arrangements for the Council's Interest in that Company;
8. To receive a report in November 2024 from the Lead Officer for Guildford Borough Council Holdings Ltd reviewing the objectives and arrangements for the future of Guildford Borough Council Holdings Ltd.
9. To receive a report in November 2024 from the Council's Statutory Officers starting the process of reviewing the governance arrangements and Council's interests in Charities and Trusts.

Reason(s):

1. To enable the Council to fulfil its duties in respect of the

shareholder function competently, robustly and transparently.

2. To enable the Council to be able to fulfil its duties in respect of best value and continuous improvement in respect of its interests in companies, and to keep under review the objectives, strategies and plans, and performance of each of its companies.

10. THE COUNCIL'S INTERESTS IN COMPANIES: REVIEW OF GOVERNANCE ARRANGEMENTS

The Council has various existing interests in Companies, whether by way of sole or joint ownership. The council, as shareholder, must have robust and resilient governance arrangements in place. Such arrangements must enable the Council, acting as shareholder, to have continuous oversight of commercial interests, business cases and performance measures of its Companies, to ensure continuous improvement and satisfaction of the council's best value duty.

Susan Sale

The Committee considered a report that reviewed the existing governance arrangements and made recommendation for change to ensure that the shareholder had greater oversight of the council's interests in Companies; that there were more frequent and transparent reporting; better officer support to the shareholder, and clearer lines of responsibility and accountability.

The Constitution, at Part 3(1), set out the responsibility for functions and provided a framework for which functions were the responsibility of full Council, which were Executive functions and which were a matter of choice for the Council. Shareholder functions were designated as Executive functions. The Constitution did not provide clarity in respect of the authority to establish new companies. It was proposed that amendments are made to this Part of the Constitution to provide for this and a number of other principles regarding the responsibility for council-owned Companies.

There were recommendations to alter the terms of reference for the Committee to ensure that it met at least four times a year to undertake sufficient governance duties. Quarterly

reports would also be considered by the Corporate Leadership Team in advance of submission to the Committee. Finally, there were recommendations to extend oversight of the shareholder function to the Corporate Governance and Standards Committee (or future Audit Committee) and the Services Overview and Scrutiny Committee. It was proposed the Executive Shareholder and Trustee Committee report annually to full Council in future.

The Committee welcomed the report and all recommendations set out therein.

RESOLVED:

1. Noted the changes the Chief Executive was making to ensure the Corporate Leadership Team had greater oversight of the Council's companies, their objectives, business cases, and performance as summarised in paragraph 6.3 of this report;
2. Noted the proposed revised governance arrangements relating to the Council's company interests, set out at Part 3(1) of the Constitution, (Responsibility for Functions), as set out in para 6.1 to this report and appendix 1 and 2, and provide feedback on the proposals to the Monitoring Officer, by way of consultation;
3. Noted the proposed revised governance arrangements relating to the Council's company interests, set out at Part 3(2) of the Constitution, (Terms of Reference of Council, Leader/Executive and Committees), as set out in para 6.2 of this report and appendix 3 and 4, and provide feedback on the proposals to the Monitoring Officer, by way of consultation;
4. Noted the Monitoring Officer's intention to recommend to the GBC Corporate Governance & Standards Committee that they recommend to full Council the adoption into the Constitution of revised Parts 3(1) and 3(2) to reflect appendix 2 and 4, subject to the feedback of the Executive Shareholder and Trustee Committee.

Reason(s):

1. It was considered that improvements could be made to the governance framework to ensure the shareholder had greater oversight of the Council's interests in companies.
2. Good practice would be for the Council's senior officers to monitor the performance of the Council's interests in companies, and to bring forwards reports to the shareholder in a regular, timely and transparent way with appropriate recommendations.
3. Whilst the shareholder function was exercised by the Leader as an Executive function, there was currently no mechanism in place for scrutiny of such executive decisions and good practice would be for the Council's overview and scrutiny committees to provide effective scrutiny of the shareholder role.

11. NORTH DOWNS HOUSING: FUTURE OPTIONS APPRAISAL

North Downs Housing Limited (NDH) was a local housing company that was wholly owned by the council. It was incorporated in 2016 to purchase and provide homes for rent. In doing so, it was intended to increase the local housing offer and provide a financial return to the council. A previous appraisal report was commissioned by the NDH Board because the company was struggling to maintain viability.

Julian
Higson

The council needed to decide the future of NDH. The company's Board had provided exit recommendations in 2023. In order to update market assumptions and to review options it was proposed the council procure an external expert to advise on future options and governance of NDH and to advise on its future financial viability. The Committee considered a report that sought permission to move forward with this procurement.

Cllr Goodwin vacated the council chamber for the duration of the discussion.

The Committee was content to approve the review and the procurement.

RESOLVED:

1. Procurement of a suitably qualified company to carry out a review into the most effective governance structure of North Downs Housing Limited (NDH).
2. That the review included a detailed options appraisal into the future operation of NDH – including options to wind up the company or to continue operations in a commercially viable manner.

Reason(s):

1. NDH has experienced difficulties meeting its interest and debt repayments from its operating surpluses. A review of the company's viability is required.
2. The Board of Directors of NDH have asked the Council to consider options for the future of the company, following an options review undertaken by NDH by Savills.

12. ANNUAL RETURNS FOR CHARITIES 2022-23

Guildford Borough Council was trustee for six charities and was responsible for ensuring the completion and submission of those charity's annual financial returns. The Executive Shareholder and Trustee Committee functioned as the charitable trustee on behalf of the council.

Solomon
Akuffo

The 2022-23 accounts were overdue and should be submitted to the Charity Commission as soon as possible. The Committee was satisfied for this action to proceed.

RESOLVED:

1. Approved the charitable accounts for the financial year 2022/2023 to be presented at a Trustees meeting for the following charities:
 - Guildford Sports Ground Charity (also known as the Woodbridge Road Sports Ground) (305056).
 - Burpham War Memorial Recreational Grounds Charity (304982).

- Public Walks and Pleasure Grounds Charity (Allen House Grounds) (305054).
 - Arundel House (Hamilton Fellows) (200491)
 - The Mayor’s Local Support Fund (258388)
 - The Racks Close Open Space Charity (1058137)
2. Authorised the Joint Strategic Director of Finance to convene a Trustees meeting for each of the charities to agree the accounts and annual return.
 3. Recommended the committee the Finance Transformation Officer as an administrator of all the authority’s charity accounts with The Charity Commission.

Reason(s):

To comply with the legal requirement that the charities must submit annual returns to the Charity Commission. If the Trustee fails to submit these returns, it could result in the Charity Commission removing the charity from its register and taking further action.

The meeting finished at 6.28 pm

Signed

Date

Chairman