

Guildford Borough Council

Report to: Executive Shareholder and Trustee Committee
Date: 28 November 2024
Ward(s) affected: 'All'
Report of Strategic Director of: Legal & Democratic Services
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Status: Open
Key decision: No

General companies update

1.0 Executive Summary

1.1 This report provides an update on the progress that has been made following the report on the Council's companies in August 2024.

2.0 Recommendation to Executive Shareholder and Trustee Committee

That the Committee resolves to:

- 2.1 Note the progress made following the report on the Council's companies in August 2024.
- 2.2 Write to the companies to remind them of the deadline for filing the company accounts.
- 2.3 Delegate authority to the Joint Strategic Director of Finance to give shareholder approval to the accounts to enable them to be filed by 31 December 2024.

3.0 Reasons for Recommendations

- 3.1 To enable the Council to fulfil its duties in respect of the trustee function competently, robustly and transparently.
- 3.2 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 charities, and to keep under review the objectives, strategies and plans, and performance of each of its companies.

4.0 Status of Report

- 4.1 This report is open as no parts fall within schedule 12A to the Local Government Act 1972 regarding exempt information.

5.0 Strategic Priorities

- 5.1 The Council's Corporate Strategy 2024 includes a strategic priority of having a well run council. The management of the trustee function supports that priority.

6.0 Background

- 6.1 A detailed report was considered by the committee in August 2024 and a number of decisions were made to support robust governance of the Council's interests in companies and oversight.
- 6.2 The Council has appointed an interim company lawyer who is reviewing each of the companies and supporting the programme of work which has been set. It is envisaged that manuals will be provided setting out arrangements for the operation of the companies and the Council's involvement. A training package is also being developed to include appointment and resignation of Directors, conflicts of interests, meetings and proceedings and corporate governance. It is hoped that this will support Officers and Directors to fulfil their roles and encourage interest in the Director roles.

6.3 Guildford Sports Ground Management Company

A separate report is being considered by this committee reviewing the objectives and arrangements for the Council's interest.

It should be noted that following resignation by Ian Doyle the Council now only has one Director on the Board and work is being taken to identify further Directors with the necessary skills both internally and externally.

6.4 Guildford Borough Council Holdings

A separate report is being considered by this committee reviewing the objectives and arrangements for the future of Guildford Borough Council Holdings Ltd.

6.5 North Downs Housing Limited

At present it has not been possible to appoint the further Directors as envisaged but it is anticipated that the work in relation to Guildford Borough Council Holdings Ltd and the training to the senior leadership team will address this issue.

The Council is progressing with the award of a contract to an industry specialist who will conduct a review into options and governance of NDH. A detailed specification has been issued to a number of prospective companies, and bids have been received. A further bid is expected, with a contract expected to be awarded in December 2024. Prospective bidders have been asked to complete the work within three months.

In the meantime NDH continues to relet all properties when tenancies come to an end to ensure full occupation.

6.6 Accounts

6.6.1 Guildford Sportsground Management Company

The 23/24 accounts for Guildford Sportsground Management Company are due to be filed at Companies House by 31 December 2024 and should be considered by the committee prior to filing and submission.

6.6.2 Guildford Borough Council Holdings Ltd

The 22/23 accounts for Guildford Borough Council Holdings have now been filed.

The 23/24 accounts for Guildford Borough Council Holdings are due to be filed at Companies House by 31 December 2024 and should be considered by the committee prior to filing and submission.

6.6.3 North Downs Housing Limited

The 22/23 accounts for North Downs Housing have now been filed.

The 23/24 accounts for Guildford Borough Council Holdings are due to be filed at Companies House by 31 December 2024 and should be considered by the committee prior to filing and submission.

6.6.4 It is recommended that the Council writes to each of the companies to remind them of the need to file accounts on time and to present these to the shareholder prior to submission. To avoid any possible delay it is also recommended that authority is delegated to the Joint Strategic Director of Finance to approve the accounts on behalf of the shareholder in the event that these cannot be presented to the committee in order to meet the deadline.

7.0 Options

7.1 The Executive Shareholder & Trustee Committee could choose not to take steps to encourage the filing of the accounts on time. There would likely be legal and governance implications so the recommendations in this report are strongly recommended.

8.0 Consultation

8.1 Consultation has taken place with the Leader of the Council, Cllr McShane and also took place with the Executive as a whole via the Executive briefing meeting prior to the date of the Executive Shareholder & Trustee Committee meeting where this report will be formally considered.

8.2 Consultation has taken place with all members of the Corporate Leadership Board, and with the Council's Statutory Officers and their deputies.

9.0 Key Risks

9.1 Insufficient oversight leads to a risk that the companies may not be delivering for the Council against their objectives, nor making sufficient progress. There is a risk of financial implications and that the Council cannot satisfy its legal duty as to best value. There is a risk that the Council may not be satisfying their legal responsibilities in respect of the shareholder function.

10.0 Legal and Governance Implications

10.1 Section 3 Local Government Act 1999 provides that the Council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This statutory duty applies to the Council's function and role when acting as a shareholder.

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

11.0 Financial Implications

11.1 There are no direct financial implication arising from this report, but there likely will be arising from reports to be received over the next few months by the Executive Shareholder & Trustee Committee on each individual Company.

12.0 Human Resources Implications

12.1 There are no direct human resources implications arising from this report. Appointment as a director is done on a completely voluntary basis.

13.0 Equality and Diversity Implications

13.1 There are no direct equality and diversity implications arising from this report.

14.0 Climate Change and Sustainability Implications

14.1 There are no direct climate change and sustainability implications arising from this report.

15.0 Next Steps

15.1 The Chief Executive will progress with contacting the Council's companies to remind them of the deadline for filing accounts.

15.2 Work will continue to provide training and identify the most appropriate Directors for the Companies.

16.0 Background Papers

16.1 Guildford Borough Council Constitution

17.0 Appendices

None

Report clearance progress:

Your report will not be published by democratic services unless the below is completed and there is evidence of the correct clearance process.

This box must not be deleted and will be published with the report

Finance	Richard Bates	20.11.24
Legal & Governance	Claire Beesly	20.11.24
Human Resources	Francesca Chapman	Insert date cleared
Equalities	Francesca Chapman	Insert date cleared
Strategic Director	Pedro Wrobel (in SS absence)	20.11.2024