

Executive Shareholder and Trustee Committee Report  
Report of Director of Resources  
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## **Shareholder General Meeting of North Downs Housing Limited and Guildford Borough Council Holdings Limited**

### **Executive Summary**

The Council is sole shareholder of North Downs Housing Limited (the "Housing Company"). The Housing Company's parent company is Guildford Borough Council Holdings Limited (the "Holding Company"). This report sets out details of the nominated Directors to the boards of both companies, and the Company Secretary. It also includes as Appendices 1 and 2 the Delegation Matrix, and a copy of the approved Business Plan for the Housing Company.

### **Recommendation to Committee**

That the Committee:

- (1) supports the proposed appointment of the persons listed in paragraph 2.4 of this report as Directors for the Holding Company and the Housing Company, for a period of four years;
- (2) notes the resignation of a Director to the board of the Holding Company;
- (3) notes the Delegation Matrix, as set out in Appendix 1 to this report; and
- (4) notes the approved Business Plan for the Housing Company, as set out in Appendices 2 and 3 of this report.

### Reason for Recommendation:

To promote good governance by demonstrating a separation between the Council's role as the Municipal Authority and the Council's role as sole shareholder in the Companies.

## **1. Purpose of Report**

- 1.1 This report presents several company documents and reports to ensure the Council, as sole shareholder, is fully briefed and up to date with company

business. This will assist the shareholder to perform its role and monitor performance.

- 1.2 This report also presents details of the nominations for appointment of the Directors for both the Housing Company and the Holding Company.

## **2. Background**

- 2.1 The most effective Boards of Council companies strike the right balance between commercial decision-making and accountability. These two concepts are not mutually exclusive as elected members may have commercial business acumen that can add value to a company board.

- 2.2 The offices of the original directors of the Holding Company and Housing Company expired on 28 April 2017, but have been extended pending the establishment of this Committee.

- 2.3 The original Directors were as follows:

### **Guildford Borough Council Holdings Ltd**

- Adrian Maunders: Chief Executive, English Rural Housing (Chairman)
- Andrew Hodges: Accountant (Retired)
- Dennis Paul: Councillor, Guildford Borough Council
- Sue Sturgeon: **Resigned**

### **North Downs Housing Ltd**

- Sarah Creedy: Lawyer (Retired) (Chairman)
- Gordon Jackson: Councillor, Guildford Borough Council
- James Whiteman: Managing Director, Guildford Borough Council
- Sue Reekie: Accountant (Retired)

- 2.4 The nominated directors are now as follows:

### **Guildford Borough Council Holdings Ltd**

- Adrian Maunders: Chief Executive, English Rural Housing
- Andrew Hodges: Accountant (Retired)
- Dennis Paul: Councillor, Guildford Borough Council
- James Whiteman: Managing Director, Guildford Borough Council

### **North Downs Housing Ltd**

- Sarah Creedy: Chair – Strategic Policy Direction – Lawyer (Retired)
- Gordon Jackson: Councillor, Guildford Borough Council
- Nigel Manning: Councillor, Guildford Borough Council
- Steve White: Deputy Managing Director, Guildford Borough Council
- Sue Reekie: Accountant (Retired)

- 2.5 The duty of any company director is to act in the best interests of the company for the benefit of its shareholders as a whole. An elected member on a board of directors therefore has a statutory duty to promote the success of the company and to exercise independent judgement in the same manner as any other director.
- 2.6 The Council as the sole shareholder of the Housing Company is the ultimate owner of both the Housing Company and the Holding Company.
- 2.7 The Housing Company's objectives are:
- To meet in such manner as the Company thinks fit identified housing need and increase the provision of new housing in the Guildford Borough and surrounding areas;
  - To generate returns for the Council's general fund;
  - To accelerate development of brownfield land in the Guildford Borough; and
  - To carry on any other business or do such other things which may seem to the Company capable of being conveniently carried on in connection with any of the specified objects, or calculated to enhance the value of the Company's services, assets, property or rights.
- 2.8 Under the Companies Act 2006, a director must exercise the care, skill and diligence, which would be exercised by a reasonably diligent person (the full test is set out in more detail within the Companies Act; there is both an objective test and a subjective test).
- 2.9 The Housing Company is a private company limited by shares and the Model Articles do not apply to it. Part 4 of the Articles of Association for the Housing Company sets out the parameters for decision making by its shareholder. (See also articles 37 to 47 Companies Act 2006 for further background).
- 2.10 Subject to certain conditions being satisfied, members (i.e the shareholders) have the right to require the directors to call a general meeting (*section 303, Companies Act 2006*). Members of private companies also have the right to require the company to circulate a written resolution (*section 292*).
- 2.11 Members also have the right to require the directors to circulate a statement with respect to a matter referred to in a proposed resolution or other business to be dealt with at a meeting (including an annual general meeting (AGM)) (*section 314*).
- 2.12 The Housing Company and the Holding Company are not public companies or private traded companies, therefore under the Companies Act; they are not required to hold an Annual General Meeting (AGM).
- 2.13 The appointed company secretary is:  
Quorum Corporate Services Limited  
67 High Street  
Chobham  
Surrey GU24 8AF  
<http://www.quocorp.co.uk/>

### **3. Financial Implications**

3.1 There are no financial implications arising from this report.

### **4. Legal Implications**

4.1 The bulk of company law is contained in The Companies Act 2006. This Act is the main piece of legislation, which governs company law in the UK and came into force in October 2009.

4.2 Companies House is responsible for incorporating and dissolving limited companies. They also register company information and make it available to the public.

4.3 The prime aims of the Act are to modernise and simplify company law, to codify directors' duties, to grant improved rights to shareholders, and to simplify the administrative burden carried by UK companies.

### **5. Human Resource Implications**

5.1 There are no human resource implications arising from this report.

### **6. Conclusion**

6.1 The Council currently has two Companies. It is important there is an appropriate governance structure in place to ensure the Council as sole shareholder performs its role in a manner that is distinct from Council business.

### **7. Background Papers**

The Companies Act 2006

<http://www.legislation.gov.uk/ukpga/2006/46/contents>

Executive Report 18 July 2017 Items 10 and 11, pg 295

<http://www2.guildford.gov.uk/councilmeetings/documents/g604/Public%20reports%20pack%2018th-Jul-2017%2019.45%20Executive.pdf?T=10>

Companies House and general guidance

<https://www.gov.uk/government/organisations/companies-house>

<https://www.gov.uk/government/collections/companies-house-guidance-for-limited-companies-partnerships-and-other-company-types>

### **8. Appendices**

Appendix 1: Delegations Matrix

Appendix 2: North Downs Housing Limited 2016-2046 Business Plan

Appendix 3: **(Not for Publication)** North Downs Housing Limited 2016 – 2046  
(Business Plan, Annex 2 Financial Information)