

Executive Shareholder and Trustee Committee Report

Ward(s) affected: All

Report of Joint Strategic Director of Transformation and Governance

Author: Ian Doyle

Tel: 01483 444669

Email: ian.doyle@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 22 September 2022

The Future of Guildford Borough Council Holdings

Executive Summary

Guildford Borough Council Holdings is a wholly owned company set up in 2016 as the parent company of North Downs Housing Limited. This report provides a summary of the current position and seeks authority to take steps to wind-up Guildford Borough Council Holdings, transferring the ownership of North Downs Housing Limited to the Council.

Recommendation to Committee

That the Committee:

1. Delegate authority to the Joint Strategic Director of Transformation and Governance in consultation with the Monitoring Officer and Leader of the Council the power to take all steps necessary to implement the winding-up of Guildford Borough Council Holdings and to enter all agreements necessary to enable this matter to be completed.

Reason(s) 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 the options for the future of Guildford Borough Council Holdings and to seek approval to the winding-up of the company.

2. Strategic Priorities

- 2.1 GBCH is the holding company of NDHL which supports all the Council's strategic priorities set out in the framework 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 ("GBCH"). The Council is the sole shareholder in GBCH.
- 3.2 The advice sought by the Council in 2016 recommended that the Council considered establishing different companies for different projects or purposes to minimise the risk if one project was not successful. It was therefore resolved to establish one company for the purpose of acquisition and management of housing and a holding company to act as a parent company should further companies be necessary for specific development projects in the future.
- 3.3 Since the establishment of GBCH only NDHL has been set up and there are no current proposals for any further companies. GBCH is currently financed solely through share equity and the Council currently holds 9150049 shares. The Board of Directors consists of Ian Doyle, Tim Anderson and Dennis Booth and they meet on an as needed basis to deal with the governance matters for both GBCH and as shareholder of NDHL.
- 3.4 GBCH is the sole shareholder in NDHL and holds 9146029 shares. Following the winding up of GBCH, NDHL will be a direct subsidiary of the Council and consideration will need to be given as to the continuing governance. Further advice will need to be obtained as to:
- a. revision of the
 - b. day-to-day operation
 - c. composition of the Board of directors
 - d. reporting responsibilities
 - e. delegation matrix
 - f. specific objects

4. Consultations

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

5. Key Risks

- 5.1 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 and a direct relationship will assist with this.

6. Financial Implications

- 6.1 There are costs associated with the winding-up of GBCH and it is anticipated that the legal costs for the Council will be in the region of £6,000. It is also anticipated

that there will be legal costs to GBCH of £10,000 and to NDHL of £15,500. This is to ensure that all appropriate and necessary steps are taken and the matters listed in paragraph 3.4 are addressed.

- 6.2 There will be a saving to the Council through the operational costs of GBCH and the investment to ensure the clear and transparent operation of NDHL is essential.

7. Legal Implications

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

- 7.3 GBCH can be dissolved under the voluntary strike off procedure set out in the Companies Act 2006.

8. Human Resource Implications

- 8.1 No Human Resource implications apply to this report.

9. Equality and Diversity Implications

- 9.1 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

10. Climate Change/Sustainability Implications

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

11. Executive Advisory Board comments

- 11.1 Not applicable

12. Suggested issues for overview and scrutiny

- 12.1 Not applicable

13. Summary of Options

- 13.1 The Committee may
- a. Approve the proposed winding up of GBCH – this provides good governance recognising that the function of GBCH as holding company of a number of companies is not required.

- b. Not approve the proposed winding up of GBCH – this does not achieve the Council’s objectives as the Council will be continuing to fund the holding company for no gain.

14. Conclusion

14.1 The Committee is asked:

- 1. Delegate authority to the Joint Strategic Director of Transformation and Governance in consultation with the Monitoring Officer and Leader of the Council the power to take all steps necessary to implement the winding-up of Guildford Borough Council Holdings and to enter all agreements necessary to enable this matter to be completed.

15. Background Papers

Executive Report 23 February 2016 ‘Establishment of North Downs Housing Ltd: a Local Authority Wholly Owned Housing Company’

16. Appendices

None