

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Discretionary /	Be entirely within Cabinet's powers to decide	YES	
	Operational	Need to be recommendations to Council	NO	
		Is it a Key Decision	NO	
Lead Member: Cllr A Lawrence E-mail: cllr.adrian.lawrence@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr A Beales		
		Other Members consulted:		
Lead Officer: Duncan Hall E-mail: Duncan.hall@west-norfolk.gov.uk Direct Dial:01553 616445		Other Officers consulted: Emma Duncan; Ray Harding		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications Yes	Equal Impact Assessment YES:	Risk Management Implications YES

Date of meeting: 2nd August 2016

GOVERNANCE ARRANGEMENTS FOR PROPOSED WHOLLY COUNCIL OWNED LOCAL HOUSING COMPANY

Summary

This report summarises the Governance arrangements that are proposed for the Local Housing Company detailed in the report to Cabinet of 28th June 2016.

Recommendation

- 1) That the articles of the company be approved as a "with profits" company limited by shares.
- 2) That the Leader and Cabinet Members for Housing and Regeneration and the Chief Executive and the Strategic Housing Manager be appointed as Directors of the Company and the Assistant Director, S151 Officer be appointed as Company Secretary.
- 3) That delegated authority be granted to the Legal Services Manager in consultation with the Cabinet Members for Regeneration and Community, Chief Executive, Assistant Director, S151 Officer to do anything necessary to set up an appropriate company structure, including:
 - a) Selection of the name of the company
 - b) Approval of a shareholders agreement to be entered into between the company and the Council including the terms outlined in the report.
 - c) Ensuring that the company will hold appropriate insurances and/or benefit from insurances that the Council holds

Reason for Decision

To ensure that Governance arrangements are appropriate for the activities

and objectives of the proposed new Local Housing Company.

1 Background

1.1 The company would be a separate legal entity wholly owned by the Council. Advice received by the Council is that this should be a company limited by shares. It would have the power to undertake anything a company can do and in particular to acquire and hold land and properties. The company would be run by the Directors but their decision making would be constrained by a shareholders agreement which would define the limits the Council wants to place on the ability of the Directors to make decisions and in particular the decisions that would need shareholder consent. The Council would be the sole shareholder and as such decisions as to how to exercise its shareholder powers would come back to the Council's Cabinet.

1.2 Most local housing companies have officers appointed as Directors (where the decision making is controlled through a shareholder agreement), and some Councils have members. Some Councils have also appointed nonexecutive Directors to bring in external expertise, and this might be considered at a later date, if required. It is proposed that the Cabinet takes on the role of making decisions for the Council as shareholder, both in matters that require consent under the shareholders agreement and in monitoring and holding the company to account. In terms of the shareholders agreement, Members may wish to retain control at Cabinet level on the following issues;

- Any funding or borrowing over £100,000
- Changes to the Memorandum and articles
- Land acquisition and sale over £100,000

1.3 It is suggested that five Directors are appointed, 3 Members and the Chief Executive and the Housing Services Manager, plus the s151 officer as the Company Secretary.

1.4 The Directors of the company have a fiduciary responsibility to act in the best interests of the company and promote its long term success. Under the Companies Act 2006 promoting the success of a company means operating for the benefit of the shareholders, which in this case would be the Council. This is helpful as it minimises potential conflicts of interest for Directors.

2 Articles of the Company and shareholders agreement

2.1 The company will use a set of model articles tailored to the company's circumstances on incorporation.

2.2 The detail of the voting arrangements and in particular the shareholders agreement are matters of detail which will need to be discussed by the Member Directors of the company and the Cabinet prior to incorporation.

2.3 However as the Council (through Cabinet) will control any significant purchase/sale of any land or interests and any loan arrangements (as identified above) it is not envisaged that the terms of the shareholders agreement will be particularly lengthy or complex and the detail is best resolved with Members and Member Directors outside the format of Cabinet as these are operational rather than strategic decisions

3 Options Considered

- a) The favoured approach is a 'with profits' company limited by shares. A 'With profits approach' means that there is nothing to prevent surpluses being distributed to shareholders - this option offers the greatest flexibility.
- b) The alternative option would be a 'no-for-profit' company limited by guarantee. Under this approach any surpluses are effectively ring-fenced to the company and cannot be re-distributed to shareholders – this is not favoured.

4 Policy Implications

4.1 There are no policy implications

5 Financial Implications

5.1 It is not proposed that Directors receive any remuneration. There will be some limited costs associated with the administration of the company including preparation of accounts that will be met from revenue generated from its activities.

6 Personnel Implications

6.1 It is important that Directors of the Company. understand their roles and responsibilities. A training program will be arranged for the relevant persons as required.

7 Statutory Considerations

7.1 The Council is establishing and controlling the proposed company under powers contained within Section 1 of The Localism Act 2011.

8 Equality Impact Assessment (EIA)

(Pre screening report template attached)

9 Risk Management Implications

9.1 Risk management of the Local Housing Company activities are covered in the Business Plan 'Affordable Housing Investment: through a local Council owned housing company' – see Cabinet report of 28 June 2016

10 Declarations of Interest / Dispensations Granted

10.1 None

11 Background Papers

11.1 28 June 2016 Cabinet report and minutes.



Pre-Screening Equality Impact Assessment

Name of policy/service/function	GOVERNANCE ARRANGEMENTS FOR PROPOSED WHOLLY COUNCIL OWNED LOCAL HOUSING COMPANY				
Is this a new or existing policy/ service/function?	New function				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	<ul style="list-style-type: none"> To hold affordable housing for sale and for rent To hold housing for private rent 				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability	x			
	Gender			x	
	Gender Re-assignment			x	
	Marriage/civil partnership			x	
	Pregnancy & maternity			x	
	Race			x	
	Religion or belief			x	
	Sexual orientation			x	
	Other (eg low income)	x			
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes	To address identified housing need of households who cannot afford market priced accommodation			
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name Duncan Hall					
Job title Housing Services Manager	Date 7 July 2016				

