

# **Cherwell District Council**

## **Executive**

**4 January 2016**

<p><b>Graven Hill and Local Housing Companies – Appointment of Shareholder Representative</b></p>
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### **Report of Head of Law and Governance**

This report is public

#### **Purpose of report**

To confirm the appointment of two of the statutory officers to act as the formal representatives of the Council's shareholding interests in the Graven Hill companies and the proposed local housing company.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To approve the appointment of the section 151 officer, and the monitoring officer in the absence of the section 151 officer, as the authorised representatives of the Council's shareholding interests in Graven Hill Village Holdings Company Limited, Graven Hill Village Development Company Limited and the proposed local housing company.
- 1.2 To delegate authority to the section 151 officer, and the monitoring officer in the absence of the section 151 officer, to take all necessary shareholder action and to exercise all necessary shareholder discretion in relation to the three said companies in consultation with the Lead Member for Financial Management.
- 1.3 To require that all future business cases for proposed council companies that are submitted as part of the approved confederation approach include a recommendation as to the most appropriate officer shareholder representative.

#### **2.0 Introduction**

- 2.1 In 2014 the Graven Hill Village Holdings Company Limited (wholly owned by the Council) and the Graven Hill Village Development Company Limited (owned 99% by the Holdings Company and 1% by the Council) were incorporated and both companies are now fully active.

- 2.2 At its October 2015 meeting full council approved the incorporation of a local housing company as a community benefit society.
- 2.3 It is necessary to appoint, and vest appropriate authority in, council officers to represent the shareholder interests of the Council in all three companies. This will enable the council to act in its full capacity as a shareholder where necessary, be it in formal general meetings or otherwise.
- 2.4 As further proposals for new corporate structures come forward to members for consideration as part of the approved confederation approach to the commissioning and delivery of services it is recommended that individual business cases include specific recommendations as to the appropriate officer or officers to act in the capacity as shareholder on behalf of the Council. ,

### **3.0 Report Details**

- 3.1 The Council owns all of the shares in Graven Hill Village Holdings Company Limited and one share in Graven Hill Village Development Company Limited. It will also be a shareholder in the proposed local housing company.
- 3.2 Although most strategic and operational decisions to be taken by the companies will be a matter for the appointed board of directors, there will be a need for some decisions to be taken by the shareholders from time to time e.g. any decision to amend the Articles of Association of a company. As private companies it is possible for a shareholder's decision to be taken either as part of a formally convened general meeting or via a written resolution outside the confines of a formal meeting. Where there is a sole shareholder as with Graven Hill Village Holdings Company Limited a shareholder decision can simply be taken as if it had been taken in a formally convened meeting by the authorised representative.
- 3.3 Clearly there needs to be an appointed representative of the Council as shareholder so that shareholder decisions can be taken effectively and reliably. In the case of all three companies, given the Council's anticipated financial stake in each of them, whether directly or indirectly, it is recommended that the appropriate officer to perform this role is the statutory officer with overall responsibility for safeguarding the Council's finances i.e. the s151 officer. In the event that this officer is absent and unable to act in the role the appropriate substitute is the statutory officer responsible for safeguarding the Council's legal position i.e. the monitoring officer. Both statutory roles are likely to remain as part of the core council function going forward into the proposed confederation model so clear separation of function from the companies is clearly established. Formal delegation of authority is also necessary as set out in recommendation 1.2 above and it is suggested that such authority is exercised in consultation with the Lead Member for Financial Management.
- 3.4 While the above situation may well pertain for a number of other corporate entities that are likely to come forward for consideration as part of the approved confederation model, each company will need to be considered individually. To ensure that this aspect is captured prior to each company's incorporation it is recommended that Executive requires all future business cases for council

companies to include a clear recommendation as to the appropriate officer(s) to represent the council as shareholder.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 It is necessary to appoint appropriate officer representatives to take decisions on the Council's behalf as shareholder in each the three companies. Given the nature of the Council's anticipated financial interest in each of them it is recommended that the most appropriate officer to fill this role is the statutory officer with responsibility for safeguarding the Council's finances with the statutory officer responsible for ensuring the Council acts lawfully as a substitute in absence.

## **5.0 Consultation**

5.1 None.

## **6.0 Alternative Options and Reasons for Rejection**

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to appoint an authorised shareholder representative for each of the companies. This is rejected as the council's shareholder interests need to be adequately protected and the companies' cannot function long term without the facility to taker shareholder decisions effectively.

Option 2: To appoint alternative authorised officers to those recommended. This is rejected as the two statutory officers are considered to be the most appropriate for the reasons set out in the report above.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 There are no direct finance implications from the report. However it is important that the Council's financial interests are considered and protected when taking shareholder decisions hence the recommendation that the s151 officer is the most appropriate lead officer for this purpose.

Comments checked by:

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### **Legal Implications**

7.2 It is necessary for shareholder decisions to be taken on behalf of the Council from time to time otherwise the companies cannot operate effectively..

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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** No

**Community Impact Threshold Met:** No

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

Sound budgets and customer-focused council

### Lead Councillor

Councillor Barry Wood, Leader of the Council.

### Document Information

Appendix No	Title
None	
Background Papers	
None	
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