

Cherwell District Council

Shareholder Committee

Minutes of a meeting of the Shareholder Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 26 April 2023 at 6.30 pm

Present:

Councillor Barry Wood (Chairman)

Councillor Nicholas Mawer

Councillor Richard Mould

Councillor Adam Nell

Councillor Dan Sames

Also Present Virtually:

Councillor Ian Corkin, Non-Executive Director, Graven Hill Village Development Company and Graven Hill Village Holding Company (for agenda items 10, 11 and 12 only)

Councillor Simon Holland, Non-Executive Director, Crown House Companies and Graven Hill Village Development Company (for agenda items 7, 8, 10, 11 and 12 only)

Karen Curtin – Managing Director, Graven Hill Village Development Company (for agenda items 10, 11 and 12 only).

Adrian Unit – Operations Director, Graven Hill Village Development Company (for agenda items 10, 11 and 12 only).

Simon Smith, Associate Director – Savills (agenda item 10 only).

Officers:

Shiraz Sheikh, Assistant Director Law, Governance & Democratic Services/Monitoring Officer

Michael Furness, Assistant Director Finance & S151 Officer

Emma Faulkner, Principal Officer - Scrutiny and Democratic Lead

Officers Attending Virtually:

Stephen Hinds, Shareholder Representative

Declarations of Interest

There were no declarations of interest.

49 **Minutes**

The Minutes of the meeting of the Committee held on 16 February 2023 were confirmed as a correct record and signed by the Chairman.

50 **Chairman's Announcements**

The Chairman made one announcement, relating to agenda item 12 – Non-Executive Director report.

Although initially indicated as an exempt report, following advice from the Monitoring Officer it had been agreed the report could be taken in public session. It would remain the final item on the agenda.

51 **Urgent Business**

There were no items of urgent business.

52 **Exclusion of the Public and Press**

Resolved

That, in accordance with Section 100A (4) of Local Government Act 1972, the press and public be exclude from the meeting for the following items of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A of that Act and that in all the circumstance of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

53 **Crown House Banbury Limited - Future Options Appraisal**

The Committee considered an exempt report of the Shareholder Representative, which detailed the findings of the recently completed future options appraisal.

At the 26 September 2022 meeting of the Shareholder Committee, it had been agreed that a review by the Shareholder Representative, Section 151 Officer and Head of Property be commissioned to look into the future options regarding ownership and operation of Crown House Apartments.

The report detailed the criteria that had been used as the basis for the assessment, the subsequent RAG rating for each one, and the options that had been identified.

Resolved

- (1) That option 3, disposing of Crown House Banbury Limited at the appropriate time, and to minimise financial risk to the Council, in consultation with the Assistant Director – Property and the Assistant Director – Finance (Section 151) be approved.
- (2) That it be noted that Crown House Banbury Limited had not put forward a Business Plan in respect of the coming financial year 2023/24 and the next three financial years, as would be the requirement within the Shareholders' Agreement, following the recommendation of the report.

54 **Shareholders' Agreement (Crown House Companies) - Matters requiring the consent of the Council**

The Committee considered an exempt report from the Shareholder Representative, which detailed matters requiring consent of the Council relating to Crown House Banbury Limited and Crown Apartments Banbury Limited.

Following the approval of the future options recommendation at the previous item, the Shareholder Representative advised the Committee that the report was procedural to allow officers to proceed with the work.

Resolved

- (1) That the sale of property as a single freehold transaction for all Crown House properties be approved.

55 **Graven Hill Companies - Executive Remuneration (Bonuses)**

The Committee considered an exempt report from the Interim Head of Legal Services, which detailed a recommended approach to the remuneration of executives of the Graven Hill companies.

Following the resolution of the Shareholder Committee at the 16 February 2023 meeting regarding the Governance Review providing recommendations relating to a bonus scheme, independent legal advice had been sought to assist with the review.

The recommendations that had subsequently been put forward reflected best practice, removed any potential for ambiguity and provided clarity regarding the council's requirements on remuneration.

Members of the Committee commented that the legal advice clearly set out what was required, and welcomed the recommendations.

Resolved

- (1) That the recommendations in the report of Womble Bond Dickinson Solicitors (WBD) dated 13 March 2023 be noted and accepted.

- (2) That the Shareholder Agreement be revised to ensure that the Council is on notice of proposed remuneration decisions in sufficient time prior to a meeting of the Board (paragraph 5.4 of the WBD report);
- (3) That clauses 4.10 and 7 of the Shareholder Agreement be revised to clarify that any Council approval of the Business Plan, including any financial provision in respect of bonus payments, does not constitute approval of either the establishment of a bonus scheme or payment of any bonus and separate consents are required in respect of each of those matters (paragraph 7.2 of the WBD report);
- (4) That additions to training and induction for company directors and senior executives and employees be mandated, within the context of a local authority owned company (paragraph 5.4 of the WBD report);
- (5) That it be emphasised to the companies the requirement for the Board to ensure that it obtains professional advice as required and / or training on the performance of statutory and non-statutory directors' duties in accordance with DevCo's constitution, governance framework and the law (paragraph 6.9 of the WBD report).
- (6) That, subject to any employment law constraints, DevCo be directed to amend directors' service contracts and or employment contracts to expressly include an obligation to ensure compliance with the Shareholders Agreement (paragraph 5.5 of the WBD report);
- (7) That confirmation be sought from DevCo that it will establish a Remuneration Committee as a Sub-Committee of the DevCo Board (paragraph 7.4 of the WBD report);
- (8) That a report be requested from DevCo, specified in paragraphs 7.10 and 7.11 of the WBD report, as the basis for a decision about any executive bonus payments for the current financial year;
- (9) That the directors of DevCo be requested to submit revised proposals for the bonus scheme and that approval to any such scheme be provided on an annual or bi-annual basis in order to assist the Council to ascertain whether or not the Graven Hill delivery model continues to offer value for money to the Council tax and business rate payers of the Council's administrative area in line with its Best Value Duty (paragraph 7.7 of the WBD report); and
- (10) That the Shareholder Representative be asked to indicate a timetable for implementation of its decisions on these matters and agree to assess progress set out in a written report at an appropriate future meeting during the next financial year.

Graven Hill Village Development Company - Business Plan 2023-27, STACK 18 (Baseline) and STACK 19 (Direction of Travel)

The Committee considered an exempt report from the Shareholder Representative, that detailed the proposed Business Plan for 2023 – 27, STACK 18 and STACK 19 direction of travel.

Following a strategy day held in September 2022, and a STACK workshop in January 2023, the Business Plan and STACK 18 had been updated accordingly for presentation to the Committee.

The Managing Director – Graven Hill Village Development Company updated the Committee on progress of work during quarter four of 2022/23, including the year end position with key performance indicators and the priorities for quarter one of 2023/24.

The site would again be featured on the next series of Grand Designs, with broadcast expected in the next few weeks.

In response to questions from the Committee regarding employment land, the Managing Director – Graven Hill Village Development Company explained that discussions were ongoing regarding S106 agreements. The Shareholder Representative added that the Local Planning Authority were aware of the situation and monitoring from their perspective.

The Shareholder Representative introduced Simon Smith, Associate Director from Savills. CDC had commissioned Savills to provide overview and assurance to the latest iteration of the Graven Hill business plan.

Simon presented the findings of the review to the Committee. The conclusion of the overview was that the models used during production of the plan were sound, and the Council could place a fair amount of reliance on the assumptions and models used.

The Committee thanked Simon for his presentation.

Prior to the consideration of the recommendations, the Section 151 Officer advised the Committee that if STACK 19 Variant 2 were approved, there would need to be an associated amendment to the credit facility. The change would not involve any additional funding, but an extension to the term of the agreement.

The Committee also thanked Councillor Ian Corkin for his involvement with Graven Hill as a Non-Executive Director, as he would be standing down at the May 2023 elections.

Resolved

- (1) That the strategic objectives to support the vision for Graven Hill Village be approved.

- (2) That the Graven Hill Village Development Company Business Plan 2023-27, underpinned by STACK 18 (Baseline) and STACK 19 (Direction of Travel) Variant 2, be approved.
- (3) That the strategic risks be noted.
- (4) That Option C be approved as the additional Masterplan Option for Graven Hill as set out in the report and the associated STACK 19 (Direction of Travel) in the exempt annexe to the Minutes (as set out in the Minute Book).
- (5) That the position in relation to Options E & F be noted.
- (6) That the key performance indicators for Graven Hill Village Development Company to report to the Shareholder in accordance with the Business Plan 2023-27 underpinned by STACK 18 (Baseline) and STACK 19 (Direction of Travel) Variant 2 be approved.
- (7) That the financial strategy and cashflow forecast, as set out in the exempt annexe to the Minutes (as set out in the Minute Book) for Graven Hill Village Development Company underpinned by STACK 18 (Baseline) and updated for the STACK 19 (Direction of Travel) that incorporates Option C noting the contributions to the Council in the Medium-Term Financial Strategy (MTFS), be approved.
- (8) That Graven Hill be allowed to operate as a developer and therefore have the flexibility to discuss and negotiate s106 terms with the Local Planning Authority (LPA) consistent with any other developer.
- (9) That Graven Hill Village Development Company be requested to submit to a future Shareholder Committee a report on the delivery of s106 commitments.

57 **Shareholders' Agreement (Graven Hill Village Development Company) - Matters requiring consent of the Council**

The Committee considered an exempt report from the Shareholder Representative, which detailed matters requiring the consent of the Council relating to Graven Hill Village Development Company.

The Shareholder Representative advised the Committee that, as with the report considered earlier on the agenda relating to Crown House, it was a procedural report to allow officers to complete the work agreed in the previous agenda item.

Resolved

- (1) That the Shareholder Representative be requested to provide an update at a future Shareholder Committee regarding any proposals for changes

to the Funding Agreement given the working capital scenarios and timing of the D1 employment land transaction.

- (2) That the Graven Hill Village Development Company Business Plan 2023/27, STACK 18 Baseline and STACK 19 Direction of Travel (*Variant 2*) be approved.
- (3) That it be noted that a dividend for 2022/23 would not be declared as part of the D1 mitigation plan.
- (4) That the profile of dividend payments to the Council subject to performance in line with the business plan (STACK 19 Variant 2) be agreed.

58 **Re-Admittance of Press and Public**

Resolved

That the press and public be re-admitted.

59 **Council wholly-owned companies - Graven Hill Non-Executive Directors (NEDs)**

The Committee considered a report from the Shareholder Representative, which recommended that the current Councillor Non-Executive Directors on Graven Hill and Crown House, and the Officer Non-Executive Director (NEDs) on Graven Hill, be replaced by independent NEDs.

The recommendations were being made to the Committee in line with industry best practice.

Resolved

In respect of the two Graven Hill companies:

- (1) That it be agreed to replace the current Councillor NEDs and Officer NED position with THREE independent NEDs (totalling FOUR independent NEDs) in consultation with the Shareholder Committee following competency based assessment and recruitment process and;
- (2) That authority be delegated to the Shareholder Representative to finalise the Job Description for the NED roles and commence a recruitment programme, with final interviews being held with the Shareholder Committee.

In respect of the two Crown House companies:

- (3) That it be agreed to replace the current Councillor NED with an independent NED (totalling TWO NEDs) in consultation with the Shareholder Committee following competency based assessment and recruitment process and;
- (4) That authority be delegated to the Shareholder Representative to finalise the Job Description for the NED role and commence a recruitment programme, with final interviews being held with the Shareholder Committee.

The meeting ended at 8.53 pm

Chairman:

Date: