



Council	Tuesday, 20 June 2017	Matter for Decision
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Title: **Bushloe Developments Limited – Proposed Governance**

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1. Introduction

- 1.1 At its meeting on 23 May 2017, the Council agreed that a Council owned housing and property development company should be created to build houses for rent and for sale and other property development.
- 1.2 The purpose of this report is to agree the governance arrangements to ensure that the activities of the Company support the Council's strategies and wider ambitions for the communities it serves.
- 1.3 With regard to the governance arrangements, it is proposed that a Council Advisory Board would be responsible for ensuring the company delivered housing development in accordance with the agreed business plan and would receive performance reports at regular intervals.

2. Recommendations

That Members agree to the creation of an Advisory Board comprising of the Leader of the Council, two other Councillors, the Chief Executive and the Chief Finance Officer / Section 151 Officer to oversee the activities of Bushloe Developments Ltd.

3. Information

- 3.1 It is proposed that the Council create an Advisory Board to ensure that the activities of the Company support the Council's strategies and wider ambitions for the communities it serves. The Advisory Board would consist of the Leader of the Council, two other Councillors, the Chief Executive and the Chief Finance Officer / Section 151 Officer.
- 3.2 The Advisory Board would be responsible for agreeing the Company's annual Business Plan as well and approving any variations to its delivery. In addition, the Board would be responsible for reporting and recommending to Council:
 - General oversight of the Company;
 - Monitoring of the Business Plan;
 - Any variations to the delivery of the Business Plan;
 - Receiving regular performance reports;
 - Disposal of Council land to the Company;
 - Development schemes;
 - Council Loans to the Company; and
 - The appointment and removal of Directors.
- 3.3 It must be stressed that the Board would have no decision-making powers – it would

only be able to make recommendations to Council, where the final authority would lie.

3.4. At the same time, The Council recognises the independence of the Board of Directors which, as long as the company remains solvent, has an overriding duty to act in the best interests of the company. While noting this point, the Council must ensure that the following principles to apply to its wholly-owned company:

- Processes and governance are in place to support accountability and scrutiny mechanisms which annually provide comfort to the Council that the company is governed appropriately and also is financially well managed and solvent;
- The Council and the Company should continually ensure that the Company supports the strategic goals of the authority and that Performance Targets set by the Council for the Company are relevant and aligned. The method and arrangements for review of the targets and performance, together with Budget approval, will be a role for the Council Advisory Board;
- Council agreement to the appointment of individual Directors of the Board will be sought by the Company via the Council Advisory Board;
- The Company will be required to engage annually with the Council Advisory Board to complete a review of strategic alignment, Performance Target setting for the forthcoming year and a review of performance against the previous year's targets, recognising that poor performance may result in a reduction of investment by the Council in the Company's activities. This will normally coincide with the preparation of the Budget for the forthcoming year and be approved by the Council; and
- The Company will be required to provide an Annual Report on the Company's activities to the Council Advisory Board each year. The report will also include the extent to which any specific Performance Targets for the year have been met, and records of attendance for Directors at Board meetings.

3.5. It is envisaged that the Board would need to meet four times each year.

Background Documents:-

None.

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Implications	
Financial (CR)	Good governance is essential to the financial success of the company.
Legal (AC)	No implications.
Risk (MHo)	<i>CR4 Reputational Damage</i> - Both success and failure of the company have the ability to change the way in which the Council is viewed. <i>CR6 Regulatory Government</i> - Changes in Government legislation may affect the way in which the company operates in the future. <i>CR9 Economy and Regeneration</i> - The company will be effected by both up and downturns in the economy.
Corporate Priorities (MHo)	The new Housing Company will seek to address the Council's Corporate Priorities by using modern methods of construction including the highest levels of energy conservation, providing green and safe places for people to live.
Vision and	The new Housing Company will seek to work within the Council's

Values (MHo)	chosen Vision and Values and will adopt innovative solutions to provide new housing in the Borough.
Equalities (MHo)	No implications.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable