

Report to Cabinet

9 June 2022

By the Cabinet Member for Housing & Public Protection



DECISION REQUIRED

Proposed update to the Board of Directors for the Council owned affordable housing companies

Executive Summary

In March 2019, Cabinet approved the creation of two companies for the purposes of providing affordable rental housing in the District. Horsham District Homes Ltd (HDH), the development company, was incorporated in August 2019 and Horsham District Homes (Holdings) Ltd (HDH(H)) was incorporated in December 2019.

The board of Directors are in place to control the operation and management of the Company. A shareholder's agreement is in place between the Council and the Companies and details matters that are reserved to Cabinet for approval. The appointment and the appointment terms of any Council appointed Directors and the removal of any Council appointed Directors are reserved matters.

Due to the imminent departure of the Director of Community Services from the Council it is necessary to amend the Board of Directors for the housing companies.

Recommendations

That the Cabinet is recommended to:

- i) Note the resignation of Adam Chalmers from the Board of Directors of HDH and HDH(H).
- ii) Delegate, to the Chief Executive, the approval of the appointment of the new Director of Community Services to the Board of Directors of HDH and HDH(H).
- iii) Approve the appointment of Rob Jarvis, Head of Housing and Community, to the Board of HDH Limited in the interim.

Reasons for Recommendations

- i) Clause 6.1 of the shareholders agreement states that there shall be a minimum of three Directors and no more than six, all of whom shall be appointed by the Council through giving notice in writing.
- ii) Clause 6.2 of the shareholders agreement states the Company shall review its Board every year to ensure that the composition and membership of the Board is such that the ability to sufficiently understand the Company's obligations and make sufficiently robust decisions in relation to those obligations.

Background Papers

Cabinet report 21 March 2019

Wards affected: All

Contact:

Adam Chalmers, Director of Community Services, 01403 215250

Background Information

1 Introduction and Background

- 1.1 The Council incorporated two housing subsidiary companies in 2019. The shareholders agreement between the Council and the Company says that the Board must review the composition of the Board every year.
- 1.2 Due to the imminent departure of the Director of Community Services from the Council the Board have decided to propose changes to Board members. As part of the shareholders agreement, changes to the Board are matters reserved to Cabinet.

2 Relevant Council policy

The 2019 to 2023 Corporate Plan sets out the Council's strategic objectives and includes creating great places for people to live and work and creating a strong safe and healthy community. Paragraph 3.2.2 of the corporate plan states the objective of using the Council's affordable housing company to build affordable homes in areas of high demand.

3 Details

- 3.1 The current Directors, appointed during 2019, are:

Horsham District Homes Limited	Horsham District Homes (Holdings) Limited
Adam Chalmers	Adam Chalmers
Brian Elliott	Brian Elliott
Samantha Wilson	Samantha Wilson
	Rob Jarvis

- 3.2 Adam Chalmers will be leaving Horsham District Council in mid-June 2022 and the Board have reviewed the impact of this on the Companies. Clause 6.1 says there shall be a minimum of three Directors, it is recommended that Rob Jarvis is appointed to the Board of Horsham District Homes as an interim arrangement until such time as the Director of Community Services post at the Council is recruited to. At this time the new post holder will take up the role of Director on both housing companies.

4 Next Steps

Within 14 days of the change, submit to Companies House, the documentation to formally remove Adam Chalmers from the Board of HDH and HDH(H) and appoint Rob Jarvis to the Board of HDH.

5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 The report was shared with the members of Housing and Public Protection PDAG who fully support the proposals in this report.

6 Other courses of action considered but rejected

Wait for the new Director of Community Services to be in post before making any changes to the Board. This was rejected due to Adam's notice period ending before a suitable replacement is appointed.

7 Resource consequences

- 7.1 There are no significant resource implications.

8 Legal consequences

- 8.1 The Companies Act 2006 states that changes to the Board are reported within 14 days of the change.
- 8.2 The delegation with regard to decision-making for the Housing Companies are subject to the Articles and the Shareholders Agreement which states, 'the Board shall have full and complete authority, power and discretion to direct, manage and control the Business and the affairs and assets of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Business with exception of Reserved Matters, the appointment and the appointment terms of any Council appointed Director and the removal of any Council appointed Director are Reserved Matters'.

9 Risk assessment

- 9.1 Samantha Wilson was appointed interim Head of Finance and Performance and Deputy S151 officer on 28 April 2022. The Monitoring Officer and interim Director of Resources have considered any potential conflict of interest in the role as deputy S151 and being the Finance Director of the companies.
- 9.2 Samantha continuing as a Director ensures that clause 6.1 of the shareholders agreement requiring a minimum of three Directors is met. The risk of conflict of interest is currently considered low. This is due to the fact that the development company is unlikely to be able to push forward with further development at a time when the impact of water neutrality is restricting development and that the Council collect the rents of any existing tenants within the holding company on behalf of the company.
- 9.3 The risk will be regularly reviewed, and once the new Director of Communities is in post.

10 Procurement implications

10.1 There are no procurement implications associated with this report.

11. Equalities and Human Rights implications / Public Sector Equality Duty

11.1 There are no equalities and human rights implications associated with this report.

12 Environmental Implications

12.1 There are no environmental implications from this report.

13 Other Considerations

13.1 There are no GDPR / Data Protection or Crime & Disorder implications arising from this report.

