

Wiltshire Council

Shareholder Group

27 June 2023

Subject: Stone Circle Companies Approvals

Cabinet Member: Councillor Richard Clewer, Leader of the Council

Key Decision: Non Key

Executive Summary

This report seeks the Shareholder Group's approval of appointments to the Boards of the Stone Circle Companies and appointment of an employee of Stone Circle Housing Company, as required under the shareholder agreement, as well as delegations to approve further appointments. This report also seeks the Shareholder Group's approval or changes to the Nomination Agreement between the Wiltshire Council and Stone Circle Housing Company.

Proposal(s)

The Shareholder Group is asked to:

1. Approve the appointment of Lizzie Watkin, Director, Finance to the Board of Directors of Stone Circle Holding Company, Stone Circle Housing Company and Stone Circle Development Company.
2. Approve the proposed appointment of Sarah Valdus, Director, Environment, to the Board of Directors of Stone Circle Energy Company.
3. Note the proposed appointment of Peter Dean to the Board of Directors of Stone Circle Housing Company.
4. Note the proposed appointment of Iain Lock to the Board of Directors of Stone Circle Development Company.
5. Approve the appointment of Suzie Furlonger as Administrator for Stone Circle Housing Company.
6. Delegate approval of future employee related decisions to the Corporate Director, Resources or the Deputy Chief Executive or the Director of Legal and Governance, in consultation with the Leader of the Council.
7. Approve changes to the Nomination Agreement between Wiltshire Council and Stone Circle Housing Company as per the proposal from the company

with the amendments made by the Council, as contained in paras 15 and 16 of the report.

Reason for Proposal(s)

The shareholder agreement between the Council and the Companies requires the Companies to seek approval from the Shareholder in respect of appointment of board members and employees.

Stone Circle Housing Company has requested Stone Circle Housing Company has requested amendments to the Nomination Agreement to refine the nomination criteria and related indemnity.

Terence Herbert
Chief Executive

Wiltshire Council

Shareholder group

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Purpose of Report

1. This report seeks the Shareholder Group's approval of appointments to the Boards of the Stone Circle Companies and appointment of an employee of Stone Circle Housing Company, as required under the shareholder agreement.
2. This report also seeks the Shareholder Group's approval or changes to the Nomination Agreement between the Wiltshire Council and Stone Circle Housing Company.

Relevance to the Council's Business Plan

3. The proposals in the report directly support the Council's business plan to Grow the economy by facilitating the provision of affordable homes and developing new housing on public land.

Background

4. The Shareholder Agreement between the Council and the Companies requires the Companies to seek approval from the Shareholder in respect of all Board appointments and appointment of employees.
5. Stone Circle Housing Company has requested amendments to the Nomination Agreement to refine the nomination criteria and related indemnity.

Main Considerations for the Council

6. There is no definitive critique of the make-up of the boards of Council owned companies. Anecdotal information suggest that local authorities take a mix of approaches to board membership and often appoint officer directors to the Boards of companies they own. This is intended to provide a link between the leadership of the Council and the activity and direction of the Companies.
7. Following the resignation of the Director of Assets & Commercial Development from the Council and from the Board of Directors of Stone Circle Holding Company, Stone Circle Housing Company and Stone Circle Development Company, it was proposed that the Director of Finance replace the Director of Assets & Commercial Development on the boards of those companies. These

appointments were made by the companies at the board meetings held on 2 March 2023.

8. Stone Circle Energy Company is dormant. As such it only requires a single director. Following the resignation of Alistair Cunningham from the Council, it is proposed that Sarah Valdus, Director, Environment, replaces him as Director of Stone Circle Energy Company. Further appointments can be made in the event that Stone Circle Energy Company becomes operational.
9. At the Shareholder Group meeting held on 7 November 2022 the Shareholder Group delegated to the Director of Legal & Governance, in consultation with the Leader of the Council to undertake the reserved matter of appointments of the Chair and non-executive directors to the relevant Boards of the Stone Circle companies, in accordance with recommendation 5 of the September 2021 Governance Review.
10. Following a recruitment process the decision has been made to appoint Peter Dean to the Board of Directors of Stone Circle Housing Company and Iain Lock to the Board of Directors of Stone Circle Development Company. These appointments will be made at the board meetings of the respective companies to be held on 6 July 2023.
11. Stone Circle Housing Company has identified the need for an Administrator to support the Housing Manager due to the increasing number of properties and related increase in the volume of work. Suzie Furlonger has been appointed for an initial 3 month fixed term appointment working 3 days per week, this is subject to review and extension.
12. Given the frequency of Shareholder group meetings the delegation in respect of employee related decisions is proposed to allow decisions to be made more efficiently.
13. Stone Circle Housing Company has requested a variation to the Nomination Agreement between the Council and the Company dated 20 March 2020, a copy of which is attached at Appendix 1. The requested variation seeks to refine the nomination criteria and related indemnity by amending clause 4.2 as set out below:

Existing clause 4.2:

4.2 Council to nominate households subject to the following requirements:

- i. Tenancy history of household for the last 5 years.
- ii. Satisfactory credit history checks or satisfactory income and expenditure analysis to show the property is affordable.
- iii. verification of right to rent.
- iv. Confirmation of deposit and rent in advance payment.
- v. For those households who do not have satisfactory history/credit check Council to indemnify rent payments for the first twelve months of tenancy.

Proposed replacement clause 4.2:

4.2 Council to nominate households subject to the following requirements:

- i. Tenancy history of household for the last 2 years.
- ii. Satisfactory credit history checks or satisfactory income and expenditure analysis to show the property is affordable based on a monthly income of 1.6 times the monthly rent, or such other calculation as may be agreed in writing between the Council and the Company.
- iii. Verification of right to rent.
- iv. Confirmation of deposit and rent in advance payment.
- v. For those households who do not have satisfactory history/credit check Council to indemnify rent payments for the first twelve months of tenancy.

14. The Council as Shareholder and in delivering its general fund Housing responsibilities has reviewed the request and proposes the following amendments to the company's request.
15. For clause 4.2 i, replace the proposal with the following ***“Tenancy or address history for the past 2 years evidencing no evictions for Anti Social Behaviour or rent arrears”***, this will allow for clients who have lived with parent(s) and are being asked to leave, which is one of the three main causes of homelessness, and also provides an additional element around coverage for rent arrears and ASB.
16. For clause 4.2 ii, replace the proposal with ***“Satisfactory credit history or satisfactory income and expenditure analysis to show the property is affordable based on rent being no more than 38% of income or such other calculation as may be agreed in writing between the Council and the Company”***, a debt or County Court Judgement (less than 5 years) would be a reason to fail a credit check, and a poor credit score should not be considered as a failed credit check as some clients have never had credit and would have a low credit score.
17. All other proposals as per the company are accepted as proposed, as well as the understanding that the Council will now step in and provide a guarantee for the first twelfth months for any client the Council places that does not meet the requirements under the nominations policy.

Overview and Scrutiny Engagement

18. Select Committees will retain their scrutiny function in relation to the Shareholder Group. The Overview & Scrutiny Management Committee will be able to call the Shareholder Group to account for progress in relation to any Company for which the Council is a shareholder and any returns it is making.

Safeguarding Implications

19. There are no direct safeguarding implications.

Public Health Implications

20. There are no direct public health implications.

Procurement Implications

21. There are no direct procurement implications.

Equalities Impact of the Proposal

22. A low equalities risk score was calculated for the proposals in this report.

Environmental and Climate Change Considerations

23. There are no direct environmental and climate change considerations associated with the proposals in this Report.

Risks that may arise if the proposed decision and related work is not taken

24. The appointment of an officer director to the Boards of the Stone Circle Companies is required to ensure robust governance and appropriate oversight and monitoring of Council owned companies.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

25. It may be necessary for the Companies, the Shareholder Group and the Director of Finance to monitor and manage conflicts of interest.

Financial Implications

26. There are no direct financial implications in respect of the Director appointments. Neither the Director of Finance or the Assistant Director of Environment will receive additional remuneration for the roles.

27. The Administrator position is in accordance with the Stone Circle Housing Company Business plan.

Legal Implications

28. There are no legal implications to the proposals

Workforce Implications

29. There are no workforce implications to the proposals.

Options Considered

30. The Shareholder Group has the option to disregard the proposals and determine alternative arrangements.

Conclusions

31. The Shareholder Group is asked to adopt the proposals.

Officer

Date of report 22 June 2023

Appendices

Appendix 1 - Nomination Agreement

Background Papers

None