

# Blackpool Council

20 February 2018

To: Councillors Clapham, Critchley, Matthews, I Taylor

The above Councillors are requested to attend the:

## **SHAREHOLDER'S ADVISORY BOARD**

Thursday, 1 March 2018 at 2.00 pm  
in Committee Room B, Town Hall, Blackpool

### **A G E N D A**

#### **1 DECLARATIONS OF INTEREST**

Members are asked to declare any interests in the items under consideration and in doing so state:

(1) the type of interest concerned either a

- (a) personal interest
- (b) prejudicial interest
- (c) disclosable pecuniary interest (DPI)

and

(2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Governance in advance of the meeting.

#### **2 MINUTES OF THE LAST MEETING HELD ON 8 FEBRUARY 2018** (Pages 1 - 6)

To agree the minutes of the last meeting held on 8 February 2018 as a true and correct record.

#### **3 NON-EXECUTIVE DIRECTOR AGREEMENTS** (Pages 7 - 18)

To consider a draft agreement for Independent non-executive directors of wholly-owned companies.

#### **4 BLACKPOOL OPERATING COMPANY**

To receive an overview of the Company from the Managing Director and Chairman.

#### **5 DATE AND TIME OF FUTURE MEETINGS**

To note the meeting schedule as follows:

Thursday, 5 April 2018, 10.00 – 12.00 Blackpool Transport Services

Thursday, 17 May 2018, 14.00 – 16.00 Blackpool Entertainment Company Limited

#### **Venue information:**

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

#### **Other information:**

For queries regarding this agenda please contact Sharon Davis, Scrutiny Manager, Tel: 01253 477213, e-mail [Sharon.Davis@blackpool.gov.uk](mailto:Sharon.Davis@blackpool.gov.uk)

Copies of agendas and minutes of Council and committee meetings are available on the Council's website at [www.blackpool.gov.uk](http://www.blackpool.gov.uk).

# Public Document Pack Agenda Item 2

MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY  
2018

## Present:

Councillor I Taylor (in the Chair)

Councillors

Clapham                      Critchley

## In Attendance:

Mr Antony Lockley, Director of Strategy and Assistant Chief Executive, Blackpool Council  
Mr Mark Towers, Company Secretary  
Mrs Sharon Davis, Scrutiny Manager, Blackpool Council

Mr John Donnellon, Chief Executive, Blackpool Coastal Housing (Item 3 only)  
Councillor Adrian Hutton, Chairman, Blackpool Coastal Housing (Item 3 only)  
Mr David Galvin, Managing Director, Blackpool Housing Company (Item 5 only)  
Councillor Jim Hobson, Chairman, Blackpool Housing Company (Item 5 only)

## 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

## 2 JOSEPH ROWNTREE FOUNDATION LIVING WAGE

Mr Mark Towers, Company Secretary presented a report seeking the shareholder's view on whether 16 and 17 year old employees of Council wholly owned companies should be paid the Joseph Rowntree Foundation living wage. It was noted that clarification had been sought by one company about whether the living wage should apply to 16/17 year olds as well as those aged 18 and over, excluding those undertaking apprenticeships.

The Advisory Board agreed that the principle view of the shareholder was that 16 and 17 year olds be paid the Joseph Rowntree Foundation living wage.

## 3 BLACKPOOL COASTAL HOUSING COMPANY

Mr John Donnellon, Chief Executive, Blackpool Coastal Housing Company (BCH) provided an overview of the work of the Company to the Advisory Board. It was noted that BCH was an arm's length management company wholly owned by the Council and that there were three years remaining of a 14 year contract to manage Council housing stock. He advised that key roles of the company included capital expenditure on improvements to housing, managing stock to meet both general and specialised needs and to provide sheltered schemes for the elderly and vulnerable.

Mr Donnellon reported that the Company aimed to support the Council in achieving its priority to create Resilient Communities. To achieve the priority, BCH had taken on new work commissioned by the Council such as the Care and Repair Service, Disabled Facilities Grants and had assisted in the development of the Queens Park Community Association.

**MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY  
2018**

The Company had also identified an issue with Care Leavers' ability to maintain tenancies and had been commissioned by Children's Services to provide more support to that vulnerable group.

The Advisory Board discussed the challenges and opportunities related to the Company and noted the concerns relating to the roll out of Universal Credit and ability of tenants to pay rent as a result. The lack of social housing and potential slow economic growth were noted as additional challenges. With regards to opportunities, Mr Donnellon advised that the Company was seeking to become more business focussed in order to increase effectiveness and become more competitive. The potential to work jointly with My Blackpool Home and the development potential of Grange Park and Troutbeck were also considered opportunities.

In response to questioning, Mr Donnellon advised that Troutbeck had been identified as less attractive to tenants and work was ongoing to consider options to improve the housing offered. It was noted that the Shareholder's view would be sought on the proposed options later in 2018.

Members considered the financial position of the Company and noted that retained Council housing was funded through a ring fenced account called HRA. The primary income for the Company was rent, which was set by the Council based on Government recommendation. It was reported that the management fee paid by the Council to BCH had been frozen at £9,565 million for the previous four years. Mr Donnellon advised that the Company must determine how to allocate the funding, managing inflation and that it was the Company Board's role to monitor outcomes and performance.

Mr Donnellon went on to advise that BCH was managed as a going concern with its own external auditor and accounts. He added that the HRA was required to produce a 30 year balanced business plan and that recent Government changes requiring a 1% rent deduction each year for four years had significantly impacted upon the 30 year plan.

The Advisory Board noted the high level of HRA reserves and queried whether such high levels were necessary. In response, Mr Donnellon advised that the reserves were currently at a higher level than needed, however, the Company in conjunction with the Council was currently determining how best to invest the funds. Mr Antony Lockley, Director of Strategy and Assistant Chief Executive added that there was scope to utilise the excess reserves to add new housing stock to the Council's portfolio and options were currently being investigated.

The Advisory Board went on to consider the performance of BCH and the key performance indicators used to measure performance by the Company Board. It was noted that regular surveys demonstrated that BCH was an excellent provider of housing measured by high levels of customer satisfaction. There had been recent dips in performance related to the kitchen and bathroom improvement programme which had been investigated and were being remedied.

Mr Donnellon added that void costs relating to empty properties were high and that emphasis had been placed on ensuring properties were not empty for long and that tenants remained in the same property unless the tenant's housing need had changed.

## MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY 2018

The Advisory Board discussed the basket of performance indicators and considered if how the Company was contributing to the wider Blackpool agenda could be demonstrated through the indicators. Mr Donnellon highlighted the work relating to homelessness carried out by the Company and also referenced the new 'Neighbourhub' Software, which allowed BCH to rank neighbourhoods in terms of desirability in order to target improvements.

The Advisory Board agreed to consider the full set of performance indicators following the meeting and identify the most appropriate targets for detailed consideration at future meetings.

### 4 EXCLUSION OF PUBLIC

**Resolved:** That under Section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the financial model of Blackpool Housing Company on the grounds that it would involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

### 5 BLACKPOOL HOUSING COMPANY

Mr David Galvin, Managing Director, Blackpool Housing Company (BHC) Limited and Councillor Jim Hobson, Chairman, Blackpool Housing Company Limited provided an overview of the work of the Company to the Advisory Board and highlighted that the vision of the Company was to be the landlord of choice in Blackpool and in achieving the vision to address the poor quality of private housing currently offered in the town.

It was reported that BHC had been established to intervene in the private sector housing market in the inner areas of Blackpool. The Company would have approximately 200 units by the end of March 2018 focussed mainly in Bloomfield, Talbot and Claremont Wards and was trying to cluster properties for impact.

Councillor Hobson highlighted that the main purpose of the Company was to purchase poor quality properties, renovate them into homes to a high standard and subsequently let out and manage the properties and provided an example of a recent project. The Company had also taken on additional roles in project management and was working with the Council and Blackpool Coastal Housing in order to achieve outcomes and regenerate areas.

The Advisory Board was informed that BHC was in the second year of a 10 year programme and aspired to let out between 800 and 1,000 properties by the end of the programme. The financial model of the Company assumed no changes to the loan provided by the Council for the capital programme and that rental income would grow based on an increased number of properties being acquired.

The Advisory Board considered the financial model in detail and discussed how the loan funding was currently provided by the Council to the Company. It was agreed that the

## **MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY 2018**

Director of Resources be invited to a future meeting in order to explain the funding of the Company in more detail.

Mr Galvin went on to highlight the main challenges facing the Company and the Advisory Board noted the concerns related to achievement of rental income, managing investment risk and private landlord competition.

Members discussed the key performance information of the Company in detail and noted that it would be difficult for the Company to demonstrate qualitative performance through indicators. It was noted that a questionnaire was to be sent to relevant stakeholders including the Police and Planning Enforcement in order to identify differences to reporting from properties before and after BHC purchased the property. For example the Police would be requested to provide an overview of the number of visits to and reports about a specific property in order to identify any changes following the intervention by BHC. It was hoped that the feedback would demonstrate the positive impact BHC had had in stabilising and improving neighbourhoods. It was also noted that monitoring the length of tenancy would demonstrate the impact upon transience.

In response to questions, Mr Galvin advised that the financial model allowed for bad debt provision and that the net income demonstrated achievement of income after non-collection had been taken into account. The Advisory Board requested to receive detail of the level of non-collection in future reporting from the Company.

The Advisory Board discussed further measures of recording customer satisfaction and noted the work the Company was undertaking around signposting tenants to employment opportunities and further education. Members were advised that the Company considered the economic profile of tenants and was prepared to assist tenants with any potential changes in circumstances through Tenant Sustainment Services.

Mr Galvin concluded the presentation by reiterating that the Company's aim was to make neighbourhoods a more desirable place to live and that critical mass was essential in achieving that aim. In response to a question, he added that BHC supported prospective tenants to make applications through a variety of means such as through social media and in person at the BHC offices. It was important to match the tenant with the property in order to create a community.

The Advisory Board agreed:

1. To invite the Director of Resources to a future meeting of the Advisory Board in order to explain the funding of the Company in more detail.
2. To receive detail of the level of non-collection in future reporting from the Company.

### **6 DATE AND TIME OF FUTURE MEETINGS**

The Advisory Board agreed to note the date of the next meeting as Thursday 1 March 2018 commencing at 2.00pm.

**MINUTES OF SHAREHOLDER'S ADVISORY BOARD MEETING - THURSDAY, 8 FEBRUARY  
2018**

**Chairman**

(The meeting ended at 4.20 pm)

Any queries regarding these minutes, please contact:

Sharon Davis, Scrutiny Manager

Tel: 01253 477213

E-mail: [Sharon.Davis@blackpool.gov.uk](mailto:Sharon.Davis@blackpool.gov.uk)

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<b>Report to:</b>	<b>SHAREHOLDER'S ADVISORY BOARD</b>
<b>Relevant Officer:</b>	Antony Lockley, Director of Strategy and Assistant Chief Executive Mark Towers, Company Secretary
<b>Date of Meeting:</b>	1 March 2018

## NON-EXECUTIVE DIRECTOR AGREEMENTS

### 1.0 Purpose of the report:

- 1.1 To consider a draft agreement for Independent non-executive directors of wholly-owned companies.

### 2.0 Recommendation(s):

- 2.1 To endorse the principle of Non-Executive Director Agreements for wholly-owned companies.
- 2.2 To recommend that the Assistant Chief Executive / Director of Strategy invites the independent non-executive directors appointed for Blackpool Transport Services and the two longest serving independent non-executive directors for Blackpool Entertainment Company to reapply for their roles as they are into their third year of office and should they be successful then they be asked to sign the agreement.
- 2.3 To request that all other independent non-executive directors sign up to the agreement and any newly appointed in the future.
- 2.4 To recommend that an agreement for Councillor non-executive director posts be considered following the 2019 local elections and a further report be brought back regarding Blackpool Coastal Housing Ltd and the independent Board Directors who serve on that Board.

### 3.0 Reasons for recommendation(s):

- 3.1 To help set out the role and expectations of non-executive directors and to establish a framework of standard terms and conditions and codes of behaviour across the Company group.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, other than no agreement in place.

#### **4.0 Council Priority:**

4.1 This report covers all of the Council's priorities.

#### **5.0 Background Information**

5.1 It is good practice and becoming increasing common to have in place agreements relating to the tenure of its non-executive directors and the standards and commitment of what is expected for them.

5.2 This idea of an agreement is based upon principles of good governance and helps to ensure that both the Shareholder and the Board directors are clear on the rights and obligations of the non-executive director position.

5.3 Typically such agreements would cover areas such as conditions of service (appointments, terms of office, remuneration etc) and can cover areas relating to conduct (behaviour, conflicts of interests, confidentiality clauses etc). Many of these areas have been included in the proposed document along with an emphasis on the importance of independence for the role.

5.4 Attached at Appendix 3(a) is the proposed agreement for independent non-executive directors of the Council's wholly owned companies. This document would sit alongside the other company governance documents that are already in place including the governance framework and conflicts of interest policy.

5.5 To ensure consistency of practice across the company group, it is suggested that all independent directors (new and existing) be asked to undertake and sign the agreement as a condition of their appointment, with the exception for the time being of the non-executive board members of Blackpool Coastal Housing and this be a report back to a future meeting. Blackpool Coastal Housing currently has tenant directors and an Annual Meeting and it is recommended that a separate report be brought back on this company.

5.6 There are independent directors in two companies (Blackpool Transport Services Ltd and Blackpool Entertainment Company Ltd), who are either into their third year of office or are just about to conclude the three year term and it is recommended for

these independent directors, that they be asked to reapply for their roles prior to being asked to sign an agreement.

5.7 Councillor non-executive directors will be bound by their elected members' code of conduct whilst undertaking their role as a non-executive director (in relation to behaviour), however it is considered in line with good practice that a review be undertaken as to whether other matters in the proposed Agreement for independent non-executive directors could be applied for councillor non-executive directors. It is recommended that a report be brought back to a future meeting and any future change take effect after the 2019 local elections.

5.8 Does the information submitted include any exempt information? No

5.9 **List of Appendices:**  
Appendix 3(a) – Draft Non-Executive Director Agreement

**6.0 Legal considerations:**

6.1 The Companies Act 2006 sets out the legal duties of non-executive directors. The proposed agreement adds to this in setting out local expectations of Blackpool Council as Shareholder of the company group.

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 There are no financial implications associated with this report.

**10.0 Risk management considerations:**

10.1 The document helps to mitigate risk associated with the non-executive director role and includes provisions on confidentiality, conduct and data protection.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 The Shareholder Advisory Board itself a consultative body for the Executive in undertaking the Shareholder role.

**13.0 Background papers:**

13.1 None.



# **Non-Executive Director Agreement for Blackpool Council Wholly Owned Companies**

**STANDARD TERMS AND CONDITIONS OF NON-EXECUTIVE DIRECTORS**

This agreement sets out the standard terms and conditions of independent non-executive directors of

1. Blackpool Coastal Housing Ltd\*
2. Blackpool Entertainment Company Ltd
3. Blackpool Housing Company Ltd
4. Blackpool Operating Company Ltd
5. Blackpool Transport Services Ltd

(and any future wholly owned Council company)

\*Subject to a further report.

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## **1. Appointment and Termination**

- 1.1 Appointment and termination of the non-executive director positions is undertaken by the Council as Shareholder, in line with the Articles of Association of the company and in accordance with this agreement. The shareholder also retains the right should the circumstances merit it, under the articles of association to appoint or remove any director at any time, or from time to time, by giving notice in writing to the company.
- 1.2 All non-executive directors will be appointed to serve a three year term of office and after application, you may be re-appointed to the role, following an application process but should serve no more than six years in the position, with any additional years only being granted, on a year by year basis, in exceptional circumstances (e.g. failure to recruit, any change could destabilise the Board), up to a maximum of nine years. The independence criteria in the UK Corporate Governance Code will be part of the assessment of 'independence' with any new application or re-application.
- 1.3 Your appointment is contingent on your contribution to the Board and to the committees of which you are a member. It is expected that you will serve on at least one committee of the Board.
- 1.4 Nothing within this agreement creates a contract of service and there is no entitlement to any compensation upon termination of the appointment.

## **2. Commitment**

- 2.1 You will be expected to give the necessary commitment in respect of general Board duties and additional time as necessary in respect of committee duties. This includes:
- attendance every Board and relevant committee meetings of the Company, unless there is an unavoidable reason for non-attendance in which case the director shall notify the Company Secretary at the earliest opportunity
  - attendance at away-days and/or business planning events
  - commitment to the required training for the role including induction and ongoing development
  - preparing properly for every meeting by reading in advance any documents set out for the purpose of the meeting
  - being fully prepared to take an active role in discussions and decision making
  - attendance as appropriate at other company events which may take place between Board meetings
  - keeping abreast of company activities and responding where possible to opportunities to become involved in activities.

- 2.2 By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.
- 2.3 It is expected that the time commitment will be greater for those appointed to the position of the Chairman.

### 3. Role

- 3.1 Your legal duties and responsibilities as a non-executive director are listed below:

#### **Duties of Directors** (as set out in the Companies Act 2006)

1. To act within powers
2. To promote the success of the company
3. To exercise reasonable care, skill and diligence
4. To exercise independent judgement
5. To avoid conflicts of interest and declare interests
6. Not to accept benefits from third parties

- 3.2 Your role is also set out in the governance documents of the company including the Governance Framework, Articles of Association and other relevant documents.
- 3.3 As a non-executive director, you should have an understanding the company's values and standards and ensure that its obligations to its shareholders and other stakeholders, including government and regulatory agencies, are understood and met.

### 4. Remuneration

- 4.1 Your remuneration is set by the Shareholder and will be paid monthly in arrears.
- 4.2 The Company will reimburse you for all reasonable and properly documented expenses incurred in the performance of your duties.

### 5. Standards of Business Conduct and Confidentiality

#### Interests

- 5.1 It is accepted and acknowledged that you may have business interests other than those of the Company.
- 5.2 You should be familiar with the Company's conflicts of interest policy and registration requirements. In the event that you become aware of any new potential conflicts of interest, these should be disclosed as soon as apparent.
- 5.3 You will also be required to exercise your powers as a non-executive director in accordance with the Company's policies and procedures. You will immediately report on your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or Director of



which you become aware to the Company Secretary. The Company Secretary will investigate the matter and will liaise with the Chairman and if appropriate the shareholder.

#### Confidentiality

- 5.4 All information acquired during your tenure is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance in writing from the Board of Directors.
- 5.5 Unless specifically authorised to do so by the Company's Articles of Association and governance framework, you will not enter into any legal or other commitment or contract on behalf of the Company.
- 5.6 You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.
- 5.7 You should exercise greatest care at all times when discussions with permitted persons regarding Company business arise outside a board meeting.
- 5.8 You should not use any information gained in your tenure for personal advantage.

#### Personal conduct

- 5.9 As a non-executive director, you must behave with integrity and conduct yourself in such a way that does not bring the Company or Shareholder into disrepute or prejudice its general good standing.
- 5.10 You must not use, or attempt to use, the opportunity of Board member to promote your personal or political interests or those of any connected person, firm, business or other organisation.
- 5.11 You should behave in a way that demonstrates belief in the values and principles and ethical stance of the Company.
- 5.12 In your dealings, you should treat everyone politely, fairly with dignity and respect.
- 5.13 You should avoid over-familiarity or any close personal connection with senior management or those being held to account.

#### **6. Data Protection**

- 6.1 You consent to the Company holding and processing information about you for legal, personal, administrative and management purposes and in particular to the processing of any sensitive personal data (as defined in the Data Protection Act 1998, or any Data Protection legislation which supersedes this) including, as and when appropriate:

- information about your physical or mental health or condition in order to take decisions as to your fitness to perform your duties
- information about you that may be relevant to ensuring equality of opportunity and treatment in line with the Company's equal opportunities policy; and
- information relating to any criminal proceedings in which you have been involved, for insurance purposes and in order to comply with legal requirements and obligations to third parties.

6.2 You will comply at all times with the Company's Data Protection Policy.

## **7. Disclosure and Barring Service (DBS) Check**

7.1 Subsequent to the appointment process you may be required to undergo a records check which will be processed through the Disclosure and Barring Service. Once the check has been completed you will receive a certificate direct from the DBS which will be required by the Company for recording purposes.

## **8. Return of Company Property**

8.1 Upon termination of your appointment with the Company (for whatever cause) you shall deliver to the Company all documents, records, papers or other Company property (including any electronic devices issued to you) which may be in your possession or under your control and which related in any way to the business affairs of the Company and you shall not retain any copies thereof.

## **9. Public relations**

9.1 On matters affecting the work of the Company, you should not make political speeches or engage in other political activities. In cases of doubt, please seek the advice of the Company Secretary.

9.2 You must seek the permission of either the Chairman, the Board or Council as Shareholder, before responding to any media enquiries or requests from other parties on the affairs of the Company. You must not make any comments on social media or engage in other public correspondence in relation to the affairs of the company. For the avoidance of doubt, you can retweet, re-post/ share a post from the company's official social media accounts (Twitter, Facebook, Instagram etc) but must not add any personal comment.

## **10. Induction**

10.1 The Company will provide a tailored induction into the Company and the Chairman's role. This will include visits across the organisation and meetings with key personnel.

**11. Insurance**

11.1 The Company has Directors' liability insurance and will maintain such cover for the full term of your appointment.

**SIGNED**

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**On behalf of the Shareholder**

**SIGNED**

.....  
**Non-Executive Director**

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