

Report to:	Cabinet	Date of Meeting:	28 July 2022
Subject:	Governance Documentation for Sefton Holding Company Limited and Sandway Homes Limited		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Communities and Housing		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

Sefton Council is the 100% shareholder in Sefton (ACS) Holding Company Limited which in turn is the sole shareholder in Sandway Homes Limited. The Council and the companies have recently undertaken a review of the governance documentation determining the relationship between the Council and the companies and revised governance documentation is being presented to Cabinet for approval.

In accordance with the Council's Constitution Cabinet performs the shareholder function for the Council.

Recommendation(s):

In capacity as shareholder for Sefton (ACS) Holding Company Limited

- (1) Approve and adopt Sefton Holding Company Limited as the new name of Sefton (ACS) Holding Company Limited
- (2) Approve and adopt amended Articles of Association as the Articles of Association of Sefton Holding Company Limited as outlined in Appendix 1
- (3) Approve and adopt amended Governance Agreement as the Governance Agreement of Sefton Holding Company Limited as outlined in Appendix 2
- (4) Approve and enter into an Intra-Group Agreement as outlined in Appendix 3
- (5) Authorise the company secretary for Sefton Holding Company Limited to undertake the necessary filing with Companies House

In capacity as shareholder Sefton Holding Company Limited

(6) Approve and adopt amended Articles of Association as the Articles of Association of Sandway Homes Limited as outlined in Appendix 4

(7) Authorise the company secretary for Sandway Homes limited to undertake the necessary filing with Companies House

(8) Approve and adopt amended Governance Agreement as the Governance Agreement of Sefton Holding Company Limited as outline din Appendix 2.

(9) Approve and enter into the Intra-Group Agreement as outlined in Appendix 3.

Reasons for the Recommendation(s):

The formal governance arrangements determining the relationship between the Council and Sefton Holding Company and Sandway Homes Limited have not been reviewed since the creation of the companies and it is felt appropriate to do so now.

Alternative Options Considered and Rejected: (including any Risk Implications)

To remain with current governance documentation would not reflect good practice in the governance arrangements between the Council and the companies.

What will it cost and how will it be financed?

(A) Revenue Costs None

(B) Capital Costs None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

Legal Implications:

Pursuant to the General Power of Competence under sections 1 to 4 of the Localism Act 2011 the Council has the power to set up and participate in a company.

Section 95 Local Government Act 2003 and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 provide that the Council must establish a company through which to trade.

Companies Act 2006

Equality Implications: There are no equality implications.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services: Robust governance documentation will help to ensure that the Council has sufficient oversight of its wholly owned companies.
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6875/22.) and the Chief Legal and Democratic Officer (LD.5075/22.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

Appendix 1 - Amended Articles of Association of Sefton Holding Company Limited

Appendix 2 – Amended Governance Agreement between Sefton Holding Company and Sefton MBC

Appendix 3 – Intra-Group Agreement between Sefton Holding Company Limited and Sandway Homes Limited and Sefton MBC

Appendix 4 – Amended Articles of Association of Sandway Homes Limited

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 Sandway Homes Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and is wholly owned by Sefton Holding Company which in turn, is a wholly owned company of Sefton Council.
- 1.2 The Council has established the companies under sections 1 and 4 of the Localism Act 2011 to allow the Council to trade and act for commercial purposes. The decision to establish the companies was taken by Cabinet on 5 October 2017.
- 1.3 The Council and the companies, with advice from specialist external advisers, have recently undertaken a review of the governance documentation determining the relationship between the Council and the companies and revised governance documentation is being presented to Cabinet for approval.
- 1.4 The Boards of Sefton Holding Company Limited and Sandway Homes Limited agreed on 22 June 2022 to resolutions to give effect to the above and to seek approval of the required written resolutions by Cabinet in its capacity as fulfilling the shareholder function on behalf of the Council.

2 CHANGES TO THE ARTICLES

- 2.1.1 The changes that have been drafted for the Articles of each company mirror each document as follows:
- 2.1.2 Clarifying the distinction between Non-Executive Directors, Executive Directors and Council Directors.

- 2.1.3 Introducing a three-year term for Non-Executive Directors- this is to enable Sandway Homes to refresh the skills on its board that are contributed by the independent directors.
- 2.1.4 Setting out the basis upon which each category of director is paid fees and expenses.
- 2.1.5 Mandating the Shareholder Representative to act in that role for both companies.

3 GOVERNANCE AGREEMENT

- 3.1 This is being brought into use and has been updated in particular:
 - 3.1.1 Clarifying the role of the Council as SCH's shareholder.
 - 3.1.2 Bringing in business plan and business case processes that reflect reports to the Council's Cabinet so that land development by Sandway Homes dovetails the Council's agreed approach to the deployment of its surplus land.
 - 3.1.3 Stating that dividend distribution is to be determined in consultation with the Council's section 151 officer and Monitoring Officer.
 - 3.1.4 Supplementing previous drafted provisions on information sharing with the Council.
 - 3.1.5 Readjusting the Reserved Matters as drafted before Sandway Homes started business to reflect the arrangements now in place and agreed as appropriate between the Council, SHC and Sandway Homes.

4 INTRA-GROUP AGREEMENT

- 4.1 The Intra-Group Agreement is focussed on how the Council works together with SHC and Sandway Homes as a group but also has the same set of Reserved matters incorporated as in the Governance Agreement, allowing for a complete flowthrough of decision making in a consistent manner.