

MID SUFFOLK DISTRICT COUNCIL

TO: Council	REPORT NUMBER: MC/18/47
FROM: Councillor Gerard Brewster – Chair MSDC (Suffolk Holdings) Ltd	DATE OF MEETING: 18 March 2019
OFFICER: Emily Atack – Assistant Director Assets and Investments	KEY DECISION REF NO. CNL42

NOMINATIONS FOR APPOINTMENT OF DIRECTORS TO THE BOARD OF MSDC (SUFFOLK HOLDINGS) LTD

1. PURPOSE OF REPORT

- 1.1 This report proposes the election of two new directors to the board of MSDC (Suffolk Holdings) Ltd to increase the resilience of the Board and mitigate the risks of the Board being unable to form a quorum and consequently unable to act. The company's Articles of Association state that there must be a minimum of two directors to form a quorum.
- 1.2 Additionally, the Council is requested to note that urgent decision-making powers are to be delegated from the board of MSDC (Suffolk Holdings) Ltd to the Strategic Director with responsibility for Assets and Investments if a quorum cannot be formed.

2. OPTIONS CONSIDERED

2.1 Option 1 - Add additional directors to the Board to increase resilience.

There are currently two directors on the Board and one vacancy, adding one further director to the Board would help from a resilience perspective and reduce the risk of failing to be a quorum at Board meetings. The Holding Company consider this to be an appropriate resolution to increase Board resilience.

2.2 Option 2- Reduce the number of directors required to form a quorum.

Currently two directors are required for a quorum, reducing this further would not be good governance, resulting in an over-reliance on a single director. This would be a significant individual responsibility and risk, and as such this option was not considered further.

2.3 Option 1 is the preferred option.

3. RECOMMENDATIONS

- 3.1 That Council approve the appointment of Councillor Matthew Hicks and Councillor Jane Storey as Directors of the MSDC (Suffolk Holdings) Ltd.

<p>3.2 That Council note the resolution of its Holding Company on the 10th December 2018 to delegate urgent decision making to the Strategic Director for Assets and Investments in the event that the Holding Company cannot form a quorum. Such delegations will be granted by way of a Power of Attorney.</p>
<p>REASON FOR DECISION</p> <p>To improve Board resilience, address vacant directorships and ensure that Board decisions can continue to be made in the event that there are insufficient Directors to form a quorum.</p>

4. KEY INFORMATION

- 4.1 Council elections are on 2nd May this year. The Holding Company is made up solely of elected members who have been appointed as Directors by the shareholder. The Holding Company Articles of Association state that Directors will cease to be Directors of the company if they are no longer Councillors for the Shareholding authority. Therefore, there is a risk that if Councillors are not re-elected, the Holding Company could have insufficient Directors to make decisions or take action for a period of time until new Directors can be appointed by the Shareholder (the Council).
- 4.2 It is proposed that the vacancy created by David Whybrow's resignation in January, be filled prior to the elections and for a further additional director to be appointed to the Board. This additional director post will improve resilience of the Board going forward.
- 4.3 A skills audit is required to be completed by all Councillors seeking to take on Directorships with the Council owned companies. Both Councillor Hicks and Councillor Storey have completed a skills assessment, and the board of the Holding Company recommend their appointment to the Board by the Shareholder.
- 4.4 Whilst the risk of the Board not being a quorum is mitigated by the appointment of new Directors there is still a risk, particularly in light of elections, that the Board could fail to be a quorum. As a further measure to mitigate against these risks, the Board of the Holding Company has resolved to delegate urgent decision-making powers to the Strategic Director with responsibility Assets and Investments only in the event that a quorum cannot be formed.

5. LINKS TO JOINT STRATEGIC PLAN

- 5.1 A resilient and robust board of MSDC (Suffolk Holdings) Ltd will contribute to the following strategic objectives:
- Investment in land and property to generate income and regenerate areas
 - Manage our corporate assets effectively
 - Making best use of land and buildings across the Suffolk System
 - Financially sustainable Councils

- Existing estate regeneration

6. FINANCIAL IMPLICATIONS

The appointment of new Councillor Directors has no financial implications.

7. LEGAL IMPLICATIONS

- 7.1 Birketts are appointed by the Holding Company and will assist the Holding Company in reviewing its Articles of Association, and preparation of appropriate delegations to the Strategic Director with responsibility for Assets and Investments.

8. RISK MANAGEMENT

- 8.1 The key risks associated with this report are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
The board of MSDC (Suffolk Holdings) Ltd may not be a quorum meaning board resolutions cannot be sought. This in turn could delay progress and impact significant decisions for both the MSDC (Suffolk Holdings) Ltd and its trading companies.	3 (Probable)	3 (Bad)	To increase the resilience to the board of MSDC (Suffolk Holdings) Ltd by appointing additional directors and putting appropriate emergency delegations in place.

9. CONSULTATIONS

The board of MSDC (Suffolk Holdings) Ltd has been consulted together with the Chief Executive, Strategic Director with responsibility for Asset and Investments, Monitoring Officer and Leader of the Council.

10. EQUALITY ANALYSIS

- 10.1 Equality Impact Assessment (EIA) is not required as the contents of the report will have no impact on persons covered by the protected characteristics - age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 An assessment of environmental impact is not considered relevant to the subject matter contained within this report.

12. APPENDICES

None.

13. BACKGROUND DOCUMENTS

None.