

	<p><b>Constitution and General Purposes Committee</b></p> <p><b>24 July 2018</b></p>
<p><b>Title</b></p>	<p><b>Directors of RE (Regional Enterprise) Ltd</b></p>
<p><b>Report of</b></p>	<p>Deputy Chief Executive</p>
<p><b>Wards</b></p>	<p>All</p>
<p><b>Status</b></p>	<p>Public</p>
<p><b>Urgent</b></p>	<p>No</p>
<p><b>Key</b></p>	<p>No</p>
<p><b>Enclosures</b></p>	<p>None</p>
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## Summary

This report notifies the Committee of the resignation of Councillor Richard Cornelius (the Leader of the Council) and Mr John Hooton (Chief Executive) as Directors of RE (Regional Enterprise) Ltd.

## Officer Recommendations

### That the Committee:

- 1. Notes that Councillor Richard Cornelius and Mr John Hooton have resigned their positions as Directors of RE (Regional Enterprise) Ltd.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1. The purpose of this report is to notify the Committee of the resignation of Councillor Richard Cornelius and Mr John Hooton from their positions as Directors of RE (Regional Enterprise) Ltd, with effect from 28<sup>th</sup> June 2018. The report also seeks authority for the Chief Executive to make appropriate arrangements to manage the council's shareholding in the company in the short term.

### **2. REASONS FOR RECOMMENDATIONS**

- 2.1. RE (Regional Enterprise) Ltd is a joint venture company that was incorporated on 18<sup>th</sup> July 2013. 51% of the shares in the company are owned by Capita and 49% are owned by the council. The council's shareholding is held by Barnet (Holdings) Ltd. The council is the Shareholder of Barnet (Holdings) Ltd, and Barnet (Holdings) Ltd is entitled to appoint two persons as Directors of RE. Capita are entitled to appoint up to four persons as Directors. The council is also entitled, in consultation with Capita, to appoint an independent person as a Director and Chairman of the Company.
- 2.2. Since incorporation, the Barnet (Holdings) Ltd appointees have been those persons holding the roles of Leader and Chief Executive of the council. Councillor Richard Cornelius was appointed as a Director on 5<sup>th</sup> August 2013. Mr John Hooton was appointed on 23<sup>rd</sup> June 2016.
- 2.3. It should be noted that it is the individual persons that are appointed as Directors and that, when acting as a Director, those persons must act in the best interests of the company and not as representatives of the organisation that has appointed them. This can, on occasion, create a conflict of interest for those individuals. In the normal course of business, this can be resolved by the individual declaring that interest and recusing themselves from any discussion or vote on the matter, as happens when individual Members declare a conflict of interest in a Council or Committee matter.
- 2.4. In light of the report on the Review of Capita Contracts that is to be considered by the Policy and Resources Committee on 19<sup>th</sup> July 2018, Councillor Cornelius and Mr Hooton considered their positions as Directors of RE and concluded

that the potential conflict of interest created by this Review is such that they should resign their positions as Directors of the Company so that they can focus solely on the interests of the council. They duly tendered their resignations to the Company Secretary on 28<sup>th</sup> June 2018.

- 2.5. Officers are currently considering the most appropriate means of managing the council's shareholding in the company during the Contract Review period. This may or may not include appointing alternative persons, who are not involved in the Review, as Directors. Should it be required, a further report on this matter will be taken to full Council. It should be noted that the Joint Venture Agreement sets out an extensive range of matters on which the agreement of both Shareholders is required, thus preventing the Board of Directors from taking any decisions that would have a significant impact on the company without the council's agreement.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1. The decision to resign rests with the individuals concerned. Alternative options for managing the council's shareholding will be considered by officers and recommended to the Chief Executive.

### **4. POST DECISION IMPLEMENTATION**

- 4.1. Officers will take appropriate specialist advice to inform any further action that is required. A further report will be brought to this committee in due course.

### **5. IMPLICATIONS OF DECISION**

#### **5.1. Corporate Priorities and Performance**

- 5.1.1. There are no Corporate Priorities and Performance implications associated with this decision.

#### **5.2. Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1. There are no direct resources implications for the council associated with this decision.

#### **5.3. Social Value**

- 5.4. The Public Services (Social Value) Act 2013 is not directly applicable in the context of this report.

## **5.5. Legal and Constitutional References**

- 5.5.1. The Constitution and General Purposes Committee under article 7 of the constitution has responsibility for overseeing the council's governance arrangements.
- 5.5.2. The appointment of directors is governed by the Companies Act 2006 (CA 2006), the company's articles of association and common law.
- 5.5.3. Under the current articles of RE Ltd, Barnet (Holdings) Ltd as shareholder may appoint up to two persons to be Directors of the company.

## **5.6. Risk Management**

- 5.6.1. The key risk associated with this decision is that the company's Board of Directors may make decisions that are contrary to the council's interests. This will be mitigated by any measures that are put in place to manage the council's shareholding, together with the fact that all key decisions that may have a significant impact on the company require the agreement of both shareholders and cannot be taken by the Board in isolation.

## **5.7. Equalities and Diversity**

- 5.7.1. Equality and diversity issues are a mandatory consideration in the council's decision-making process. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals emerging from the finance and business planning process have properly taken into consideration what impact, if any, there is on any protected group, whether staff or customers, and what mitigating factors can be put in place.
- 5.7.2. There are no equalities or diversity issues directly associated with this decision. However, an Equalities Impact Assessment may be required in considering any measures that may be implemented to manage the council's shareholding.

## **5.8. Corporate Parenting**

- 5.7.1 There are no Corporate Parenting implications associated with this decision.

## **5.9. Consultation and Engagement**

- 5.9.1. There are no Consultation and Engagement requirements associated with this decision.

## **5.10. Insight**

- 5.10.1. Insight data has not been used to inform this decision.

## **6. BACKGROUND PAPERS**

- 6.1. Council, 16 July 2013, Report of the Head of Governance, Item 4.6, 4. Appointment of representatives to Joint Venture Company (JVCO) with Capita Symonds Limited and Holding Company (NEWCO):  
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=6643>
  
- 6.2. Annual Council, 24 May 2016, Supplemental Report of Head of Governance – Appointment of the Interim Chief Executive as a Director of RE (Regional Enterprise) Limited:  
<http://barnet.moderngov.co.uk/documents/s32170/Supplemental%20Report%20of%20the%20Head%20of%20Governance%20-%20Appointment%20of%20the%20Interim%20CE%20as%20a%20Director%20of%20RE.pdf>