

MINUTES of a meeting of the **SHAREHOLDER BOARD OF THE DERBYSHIRE DEVELOPMENT COMPANY** held on 28 June 2017 at County Hall, Matlock

PRESENT

Councillors A Foster, S A Spencer and A Western (observer).

Also in attendance – J Cooper, A Kelly, D Massingham, K Riley and I Stephenson.

Apologies for absence were received on behalf of Councillor B Lewis.

Declarations of Interest

I Stephenson declared an interest in Item 5 a) Governance and membership of the Board of Directors, 5b) Articles of Association and 5c) Management Agreement – as a non-voting Director of Derbyshire Developments Limited.

6/17 APPOINTMENT OF CHAIRMAN RESOLVED that Councillor S A Spencer be appointed Chairman of the Board for the ensuing year.

Councillor S A Spencer
(in the Chair)

7/17 MINUTES RESOLVED that the minutes of the meeting held on 27 January 2017 be received.

8/17 GOVERNANCE AND MEMBERSHIP OF THE BOARD OF DIRECTORS Mr Kelly summarised the report considered by the Board of Directors on 19 May 2017 on governance and membership of the Board. The Board recommended to the Shareholder Board that the Board of Directors should consist of 6 members – a non-executive Chair, a Managing Director, a non-executive Director (unremunerated) – Derbyshire County Council Director of Property or nominee, non-executive Director – Derbyshire County Council Cabinet member or nominee and 2 non-executive Directors (remunerated) – recruited externally. Mr Kelly suggested that if the Shareholder Board agreed to the proposals, advertisements for the remunerated non-executive Directors would be placed in Derbyshire newspapers and it was hoped that the new directors could be in post by the end of the summer.

It was noted that Andy Botham ceased to be a director of the company when he did not retain his seat following the County Council elections on 4

May 2017. The Chairman proposed that Councillor Tony King should be appointed to replace Mr Botham.

The Chairman put forward an alternative proposal that the structure of the Board should consist of 7 Directors as follows and requested that this proposal be conveyed to the Board of Directors:-

- Managing Director (remunerated)
- Non-executive Director – Derbyshire County Council Director of Property or nominee (unremunerated)
- 2 non-executive Directors – Appointed by the Shareholder Board – County Councillors with pre-requisite skills, knowledge and experience) (unremunerated)
- 3 non-executive Directors - externally recruited (remunerated), one of whom would be the Chairman of the Board of Directors.

The Chairman also expressed concern at the position of the current Chairman of the Board and requested the Board of Directors to ask the Chairman to resign as Chairman and as a director. He would be able to re-apply when the post was advertised if he wished to. The Chairman explained that if the Chairman of the Board of Directors chose not to resign the Shareholder Board would call a general meeting and give notice under section 168 of a resolution to remove him as a director. Mr Kelly raised concerns regarding interim arrangements, however it was noted that the quorum was 3 for the Board of Directors.

The intention of Ian Stephenson to resign was detailed in the report and he offered his resignation at the meeting, which he would confirm in writing to the Board of Directors.

RESOLVED that the Shareholder Board:-

(1) appoints Councillor Tony King as a non-executive director to the Board of Derbyshire Developments Limited; and

(2) recommend that the Board of Directors considers the structure of the Board as proposed and detailed in the minute above.

9/17 ARTICLES OF ASSOCIATION The Board of Directors of Derbyshire Developments Limited at its meeting on 19 May 2017 agreed to request the Shareholder Board to pass a special resolution to accept amendments to the Articles of Association. The amendments were detailed in appendix 2 attached to the report.

The Director of Legal Services confirmed that the proposed amendments to the Articles of Association were in the interests of the County Council as sole shareholder of Derbyshire Developments Limited as well as in the interests of the Company.

RESOLVED that the Shareholder Board passes the special resolution set out in appendix 3 to the report.

10/17 MANAGEMENT AGREEMENT The draft Management Agreement between Derbyshire County Council and Derbyshire Developments Limited had been considered by the Shareholder Board on 16 August 2016 but not formally approved.

The Board of Directors has reviewed the Management Agreement and has proposed that several amendments should be made to assist the Company in meeting its strategic objectives and to ensure consistency with the Articles of Association of the company. These were detailed in appendices 1 and 2 to the report.

The majority of the proposed amendments were in the interests of the company and County Council. However the amendments proposed to clause 8.18 could not be agreed as the law required that a meeting of the Board of Directors must be adjourned if it was not quorate; and in respect of the proposed amendments to clause 13.1, which related to the distribution of profits of the Company by way of dividend, the Council's external legal advisers have advised that the changes proposed by the Board of Directors render the distribution clause ineffective as the amendment gives control over the distribution of profits to the Company. The Director of Legal Services recommended alternative wording for clauses 8.18 and 13.1.

RESOLVED that the Shareholder Board:

- (1) accepts the amendments to the Management Agreement proposed by the Board of Directors with the exception of the proposed changes to clauses 8.18 and 13.1; and
- (2) agrees that the amendments to clauses 8.18 and 13.1 of the Management Agreement be forwarded to the Board of Directors for consideration.

11/17 DERBYSHIRE DEVELOPMENT LIMITED - UPDATE

Mr Kelly updated Members on the role of the Company and highlighted the progress made since the last meeting.

A balanced programme had been identified, however there was a reliance on in-house resources, a lack of clarity on process, the need for a mechanism for delivery and 2 planning applications were defective, but work was underway to resolve the issues.

Mr Kelly provided further information on the 4 key matters - Governance which has been addressed; Process including alignment of contracts with the County Council's processes; Resources – where a framework of recommended practices and companies was being built up and investment was required in project management; and Balanced Programme which

allowed for social value, quality and sustainable housing. Mr Kelly detailed the proposed builds.