



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No:
26 May 2020	PUBLIC REPORT

TRADING COMPANIES: SCRUTINY OF TRADING COMPANIES

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Committee with an overview of the Combined Authority Trading Companies and details of current scrutiny arrangements.

<u>DECISION REQUIRED</u>	
FROM:	
Lead Officer and Author:	Rochelle White, Deputy Monitoring Officer
The Committee is recommended to: Note the content of this report.	

2.0 BACKGROUND

- 2.1 On 26 September 2018 the Combined Authority Board approved the Housing Strategy. The Housing Strategy seeks to address current and potential future housing challenges facing the area, both in the next few years and the longer term through a selection of different development tools in addition to traditional grant funding.
- 2.2 The Housing Strategy recommended the Combined Authority accelerate housing delivery by establishing a wholly owned company to enable direct intervention in the housing market, which would enable the development of new homes and affordable homes in the region.

- 2.3 At its meeting on 27 March 2019 the Combined Authority Board agreed to establish a Trading Company and a Housing Development Company with the Trading Company acting as a holding company for the Housing Development Company.
- 2.4 At its meeting on 31 July 2019 the Combined Authority Board agreed the statutory documents for the two companies, to be known as Angle Holdings Limited, the Trading Company and Angle Developments East Limited, the development company. The relationship between the Combined Authority and the Companies was agreed and set out in a shareholder agreement, which includes matters reserved to the Combined Authority.
- 2.5 Angle Holdings Limited was incorporated on 5th September 2019. The Company is limited by shares and the Combined Authority is the only shareholder. The company directors are Mayor James Palmer, Dermot Pearson (Monitoring Officer), Kim Sawyer (CEO) and Brian Stewart OBE (independent chairman). Dermot Pearson is also the Company Secretary.
- 2.6 Angle Developments East Limited was incorporated on 5th September 2019 and is set up to enable the Combined Authority to deliver more affordable housing in the Combined Authority area. The Company is limited by shares and Angle Holdings Limited is the only shareholder. The company directors are Roger Thompson (Director of Housing & Development), Dermot Pearson (Monitoring Officer), Kim Sawyer (CEO) and Brian Stewart OBE (independent chairman). Dermot Pearson is also the Company Secretary.

OVERVIEW AND SCRUTINY

- 2.7 The Overview and Scrutiny Committee has the power to:
- Review and scrutinise decisions made, or other action taken on connection with the discharge of any function which are the responsibility of the Combined Authority.
 - Review and scrutinise a key decision made but not implemented and to:
 - (a) direct that a decision is not to be implemented while it is under review by the Committee, and
 - (b) recommend that the decision be reconsidered.
 - Review and scrutinise decisions made, or other action taken on connection with the discharge of any function which are the responsibility of the Combined Authority.
 - make reports or recommendations to the Combined Authority Board:
 - (a) with respect to the discharge of any functions that are the responsibility of the authority;
 - (b) on matters that affect the authority's area or the inhabitants of the area.

SCRUTINY OF THE TRADING COMPANIES

- 2.8 To date decisions relating to Angle Development East Limited have come to the Combined Authority Board and it is anticipated that decisions related to Angle Holdings Limited will be reserved to the Combined Authority Board. Given this process of decision making and as decisions relating to the companies go to the Combined Authority Board, the Overview and Scrutiny Committee can scrutinise decisions of the companies (exercising powers listed above in 2.7) as the Committee would scrutinise any other decision.
- 2.9 Should decision-making processes for the companies change, it may be necessary to implement formal arrangements for scrutiny of activities of the companies, by the Committee. This could include adopting recommended best practice models. A future paper will be presented to the Committee, as applicable.

LEGAL IMPLICATIONS

- 3.0 The regulation of Overview and Scrutiny for the Combined Authority is outlined in the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.
- 3.1 Article 7 of the Local Authorities (Companies) Order 1995 confirms that a local authority regulated company “shall provide a Member of the Council such information about the affairs of the company as the member requires for the proper discharge of his duties”. Section 14, Chapter 6 of the Constitution sets out the rights of access to documents for Members of the Overview and Scrutiny Committee.

APPENDICES

None

<u>Source Documents</u>	<u>Location</u>
None	