



Corporate Policy &
Resources Committee

Thursday, 27 June 2024

APPOINTMENT OF DIRECTOR TO WLDC TRADING COMPANIES

Report by: Director of Corporate Services

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Purpose / Summary: The purpose of this report is to seek permission to appoint an additional Director to the Council's Trading Companies, WLDC Trading LTD, Surestaff Lincs Limited and WLDC Staffing Services LTD.

RECOMMENDATION:

1. That the Corporate Policy & Resources Committee approve the appointment of the Director of Planning, Regeneration and Communities as an additional company director of WLDC Trading LTD, Surestaff Lincs Limited and WLDC Staffing Services LTD.

IMPLICATIONS

Legal:

The Council has the legal power to establish and operate trading companies. These can be wholly owned by West Lindsey District Council in order to enable the Council to take advantage of the powers to trade for profit introduced under the Local Government Act 2003, where opportunities to do so arise and it is appropriate to use the company as a vehicle for the trading activity proposed.

In addition, under the “general power of competence” introduced by Section 1 of the Localism Act 2011 local authorities now have a general power that enables them to do anything that a private individual is entitled to do, subject to certain statutory limitations.

It should be noted that things done for a commercial purpose even under the Localism Act 2011 must be done through a company.

To ensure good governance and timely sign off of Corporate documentation in line with Companies House regulations it is recommended an additional director is appointed.

Financial : FIN/47/25/CPR/SL

There are no financial implications directly relating to this report. The role of Director as the Council’s trading companies is an unpaid position.

Staffing :

None

Equality and Diversity including Human Rights : None

Risk Assessment : None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

Report to Council 10th October 2016 – Establishing a Group Trading Company for West Lindsey District Council

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1. Background

- 1.1 At Full Council on 10th October 2016 Members approved the establishment of a Trading Company, the Governance documentation to support it, and nominated a number of officers to roles with the trading company. The minutes are detailed below.
- 1.2 “The Commercial Director introduced the report which had been considered by the Corporate Policy and Resources Committee and also the Governance and Audit Committee, the minutes of which were set out in the body of the report. Support for the proposals was voiced by both Committee Chairmen.
- 1.3 A number of local authorities had identified that setting up a trading company – wholly owned by the Council, but operated as a separate legal entity – offered a way to develop services beyond their existing focus.
- 1.4 West Lindsey District Council has developed a portfolio of commercial propositions based on both existing and new activities. Currently these activities are generating a modest level of income.
- 1.5 The recommendations as set out in the report were moved en bloc and were seconded and voted upon. It was then:

RESOLVED that:

- a) the proposed group structure for trading companies (the trading arm) to facilitate the return of profits to the Council which can be used to ensure the sustainable delivery of front line services, be approved;
- b) authority be delegated to the Corporate Policy and Resources Committee for approval of annual business plans and accounts for the Group Holding Company and its individual subsidiaries;
- c) the Shareholder Agreement for the Group Holding Company and its associated subsidiaries be approved;
- d) the Articles of Association for the Group Holding Company and its associated subsidiaries be approved;
- e) the nomination of the Commercial Director as Company Director and Chief Executive as Non-Executive Director for the Group Holding Company (WLDC Trading Ltd) and its Sure Staff subsidiaries (Sure Staff Lincs Ltd and WLDC Staffing Services Ltd) be approved;
- f) the nomination of the S151 Officer, (the Director of Resources) as the Council’s Shareholder representative be approved; and

g) That Council authority be delegated to the Council's Section 151 Officer and the appointed Director of the SureStaff subsidiaries to agree the format and content of a Resourcing Agreement for the supply of services by the Council."

2. Additional Director

- 2.1 In order to assist the day to day functioning of the companies and to bring additional expertise to the Boards it is proposed to create an additional Director post. Governance deadlines required by the Companies Act and HMRC are essential for the going concern of a company and these deadlines may fall when the sole Director is unwell or on annual leave.
- 2.2 The company currently has one director and a company secretary which are undertaken by the Council's Director of Operational and Commercial Services and the Financial Services Manager respectively.
- 2.3 The Council's Director of Planning, Regeneration and Communities is already a Director of the Council's Market Street Renewal company and therefore has the necessary experience required.
- 2.4 In the light of the upcoming review of the Commercial Strategy, internal controls of our corporate structure have been reviewed and Officers recommend that the potential risk of a single point of failure is addressed accordingly.