

Report subject	BCP FuturePlaces Limited - Appointment of Director and Changes to Articles of Association
Meeting date	9 January 2024
Status	Public Report
Executive summary	Cabinet decided on 27 September 2023 to close BCP FuturePlaces Limited, the council's arm's length regeneration company, and bring in-house the development and investment activities of the company. The work and staff have since transferred to the council. This report requests Council to make changes to the company governance arrangements to align them with the requirements of the final closedown phase.
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> (a) Council appoints Chris Shephard, Head of Operations Strategy, as a director of BCP FuturePlaces Limited (b) Council delegates to the Chief Executive, the appointment of any future directors of BCP FuturePlaces Limited (c) Council approves the amendments to the Articles of Association, Shareholder Agreement, and Terms of Reference as set out in paragraphs 10 - 12.
Reason for recommendations	<p>These decisions support the following outcomes:</p> <ul style="list-style-type: none"> • To support the delivery of the corporate strategy objectives relating to regeneration. • To respond to the DLUHC governance review report. • To exercise appropriate controls on commitments for expenditure on development and to facilitate the council taking the leading role on delivery of investment and development projects.
Portfolio Holder(s):	Cllr Vicki Slade, Leader of the Council and Portfolio Holder for Regeneration

Corporate Director	Ian O'Donnell, Corporate Director of Resources and Jess Gibbons, Chief Operating Officer
Report Authors	Ian O'Donnell
Wards	Not applicable
Classification	For decision

Background

1. On 27th September 2023 Cabinet decided to close down BCP FuturePlaces Limited, the council's arm's length regeneration company, and bring the work in-house. By internalising and integrating these functions, the council has been able to bring together our current inhouse housing delivery team, our Council Newbuild Housing and Acquisition Strategy, and our investment and development functions. This has enabled greater focus and capacity for delivering homes and jobs on sites owned or controlled by the council and the new team to build on the value of the work completed and initiated by the FuturePlaces team.
2. The team was transferred into the council under TUPE on 1st November 2023 and all associated work was transferred at the same time. Steps now need to be taken to prepare the company for being closed down within the first quarter of 2024.
3. The existing board of BCP FuturePlaces Limited consists of three expert non-executive directors, who were selected for their skills and knowledge in the field of regeneration. The council is grateful to the non-executive directors of FuturePlaces for their contributions and support during the transition. The remaining role for the directors is to oversee the closedown of the company. There is therefore a mismatch between the skills of the existing directors and the much-reduced requirements of the company.

Options Appraisal

4. Option 1 is to agree the necessary amendments to the governance arrangements to allow a single director to make decisions on behalf of the company. This reduces the cost of company governance and allows the company to be made dormant pending termination. This is the recommended option.
5. Option 2 is to retain the existing governance arrangements. This requires three directors. If the current directors were retained, this would cost £4,475 per month more than option 1. In this scenario it is likely that the existing directors would resign in any case, and could be replaced by council officers; however, this would create an unnecessary cost in terms of officer time and is not recommended.
6. Option 3 would be to undertake an immediate liquidation of the company. This would require the appointment of an insolvency practitioner, incurring unnecessary cost. There is also a risk in this scenario that any creditors submitting legitimate late claims for payment may not be paid. This would potentially disadvantage local

suppliers and create damage to the council's reputation. This option is therefore not recommended.

Next Steps

7. It is planned that the existing directors will step down from their roles and be replaced by a single director who will oversee the closedown. Company directors have been briefed at their board meeting of 13th December 2023 and are in full agreement with this approach.
8. This report recommends that Chris Shephard, who is the council's Director of Operations Strategy, is appointed by Council to the role of director of BCP FuturePlaces Limited with immediate effect. It is planned that the existing directors will then resign their roles at a board meeting on 10 January 2024. However, for the company to operate with a single director, some changes are required to the company governance arrangements.
9. This report also recommends that any future appointments to the Board are delegated to the Chief Executive in order to facilitate any future changes necessary during the winding up process.
10. Changes to the Articles of Association are required to remove the requirement for a quorum of three at board meetings where company decisions are taken. An amended version of the Articles of Association in which the proposed changes are highlighted is attached at Appendix 1. These will allow the company to operate with a single director.
11. Changes to the Shareholder Agreement are also required to reflect the requirement concerning quorum. An amended version of the Shareholder Agreement in which the proposed changes are highlighted is attached at Appendix 2.
12. The Terms of Reference document is attached at Appendix 3. This will be updated to reflect the changes to the Articles of Association and Shareholder Agreement.

Summary of financial implications

13. The budgeted monthly cost to the company of the existing non executive directors is £4,475. This cost will cease following the resignation of the directors. The new director of the company will fulfil the role as part of his current council employment at no additional cost.

Summary of legal implications

14. The council's responsibilities in respect of all matters concerning the shareholder agreement are a reserved matter for Cabinet. However, appointments to outside bodies are reserved to Council, and this would be classified as an outside body in accordance with the council's Constitution.

Summary of human resources implications

15. The appointment of Chris Shephard as director of BCP FuturePlaces Limited is subject to the council's normal terms and conditions of employment, forms part of his existing role, and carries no additional remuneration.

Summary of sustainability impact

16. There are no sustainability impact implications arising from this report.

Summary of public health implications

17. There are no public health implications arising from this report.

Summary of equality implications

18. There are no equality implications arising from this report.

12. Summary of risk assessment

19. The preferred option supports the council to manage the financial and reputational risks referred to in this report at no additional cost.

Background papers

Cabinet report 27 September 2023: The future of BCP FuturePlaces Ltd, investment and development.

[\(Public Pack\)Agenda Document for Cabinet, 27/09/2023 10:15 \(bcpcouncil.gov.uk\)](#)

Appendices

Appendix 1 – Draft Articles of Association

Appendix 2 – Draft Shareholder Agreement

Appendix 3 – Terms of Reference