

Agenda Item: 17

Meeting: Executive
Date: 12 May 2009
Subject: Luton Gateway: Company Incorporation and Board Membership
Report of: Portfolio Holder for Sustainable Development
Summary: The report proposes the next steps in the establishment of Luton Gateway as the local delivery vehicle serving Luton/Dunstable/Houghton Regis and Leighton Buzzard/Linslade growth area.

Advising Officer: Gary Alderson, Director of Sustainable Communities
Contact Officer: Liz Wade, Assistant Director, Economic Growth and Regeneration
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision: Yes
Reason for urgency/Exemption from call-in (if appropriate): To ensure the establishment of Luton Gateway proceeds without further delay.

RECOMMENDATIONS:

- 1. That the Executive endorse**
 - (a) the progress being made to establish and incorporate Luton Gateway; and**
 - (b) the proposal to present a full report and draft annual delivery plan to a future Executive meeting for approval.**
- 2. That the Executive resolve**
 - (a) To nominate two people for appointment as directors on the Board of Luton Gateway.**
 - (b) To delegate the Director of Sustainable Communities and the Director of Corporate Resources in consultation with the Portfolio Holder for Sustainable Development to agree the company incorporation documents on behalf of Council.**

Reason for Recommendations: To enable the incorporation of Luton Gateway, as the Local Delivery Vehicle in the southern growth area to proceed with Central Bedfordshire Executive agreement.

<p>The incorporation of the LDV was anticipated to occur before 1st April 2009 prior to Central Bedfordshire formation. As this has not occurred it is appropriate for the Central Bedfordshire Executive to resolve roles and contributions to Luton Gateway.</p>

Company Incorporation

1. Luton Gateway was launched on the 24th April 2009 and aims to be incorporated as a company limited by guarantee. Draft constitutional documents have been prepared by Eversheds LLP following national examples of Local Delivery Vehicle incorporation.
2. The founding members for the company are proposed to be Central Bedfordshire, Luton Borough Council, East of England Development Agency and The Homes and Communities Agency. Each member is reviewing the drafted company documentation and seeking appropriate resolutions to proceed with the formal agreement and incorporation of the company.

Board Membership

3. The original agreement between the predecessor local authorities, reached in 2006, was for political representation on the Board on the basis of: SBDC (2); LBC(2) and BCC(1).
4. The current proposal is that Central Bedfordshire has two directors on the Luton Gateway Board so that there is equal representation from the two unitary authorities. This accords with the member representation on the Joint Committee.
5. These directors are appointed by the authority in writing. The authority can nominate either member or officer to those positions. The local authority can appoint or remove an alternate Director at any time. The non public sector Director cannot.
6. The current interim board members are Cllr Tom Nichols and Gary Alderson, Director of Sustainable Communities.
7. The draft articles of Association allow each board director one vote. The number of board Directors will be not less than 6 and not more than 15. The current Luton Gateway board has 12 members. The appointed chair is David Marlow, ex Chief Executive of EEDA (East of England Development Agency), now independent consultant.

Resources

8. Luton Gateway core funding of £400k per annum is provided by the Department for Communities and Local Government (DCLG) under a separate funding agreement held by Luton Borough Council as the accountable body for funding.

9. A financial contribution of £50,000 from each of the local authorities is included in the budget for 2009/10. The LDV also has oversight and co-ordination of the Growth Area Funding and the development of the integrated delivery plans for growth and the related programmes of development. This funding accounts for £21m over the period of 2008-11.
10. The business of the company is carried out in accordance with an annual delivery plan. The company cannot involve itself in any other business than that agreed under the annual delivery plan. The annual delivery plan will require Executive approval of each authority before formal adoption by the Company and implementation.

Conclusion and Next Steps

11. The establishment of a Local Delivery Vehicle for the southern growth area has been a long established expectation of local councils in order to add capacity to support the delivery of sustainable growth.
12. Central Bedfordshire is asked to nominate two board directors and to authorise the signature of the incorporation documents to enable the company to be formally established.
13. Luton Gateway will be required to present an annual delivery plan to a future Executive for approval prior to implementation.

<h3>CORPORATE IMPLICATIONS</h3> <p>Council Priorities: The establishment of Luton Gateway aligns with the corporate priority to manage growth effectively and deliver against the vision for Central Bedfordshire by undertaking the delivery through partnership of sustainable growth.</p> <p>Financial: The funding is addressed in sections 8 and 9 above and is within the current budget allocations. Contributions will also be actively sought from other founder members in kind or as direct contributions</p> <p>Legal: Legal advice has been obtained on the constitutional aspects of establishing the LDV as a company limited by guarantee by Eversheds LLP and the Central Bedfordshire legal team. Luton Gateway has been entered onto the Councils partnership register.</p> <p>Risk Management: The articles and memorandum of the company govern the roles and relationships of its members. A joint technical officer team across both authorities will be formed to monitor and advise members and enable risk to be managed.</p>
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The greatest risk is the withdrawal of the core funding by central government after 2011. The local authorities have agreed that in principle the costs and liabilities of redundancies will be shared.

It should be noted that the directors once appointed will be required to act in the best interests of the company and cannot be regarded as “representatives” of the Council. They need to be mindful of this if a conflict of interest arises between Luton Gateway and the Council.

Staffing (including Trades Unions):

Luton Borough Council will employ the staff on behalf of the company.

Equalities/Human Rights:

The equality implication will be addressed through the public procurement standards.

Community Development/Safety:

These issues will be addressed through the public procurement standards.

Sustainability:

None at present, although the Luton Gateway will take a major role in addressing the wider sustainability issues in shaping and delivering new housing, jobs and infrastructure

Appendices:

None

Background Papers (open to public inspection): Further background information on Luton Gateway Website: www.lutongateway.com

Location of papers: Priory House, Chicksands