



## COUNCIL

**Meeting: Thursday, 20th November 2014 at 19.00 hours  
in Civic Suite, North Warehouse, The Docks, Gloucester, GL1 2EP**

## ADDENDUM

The following item was not provided for in the agenda for the meeting; however, the Chair of the meeting has agreed to accept this report as a matter of urgency:

|            |   |
|------------|---|
| <b>10A</b> | <b>UPDATE ON GOVERNANCE ARRANGEMENTS FOR GLOUCESTERSHIRE AIRPORT LIMITED (Pages 3 - 9)</b><br><br>To consider the report of the Cabinet Member for Regeneration and Culture concerning the governance arrangements for Gloucestershire Airport Limited. |
|------------|---|

Yours sincerely

.....  
**Martin Shields**  
**Corporate Director of Services and Neighbourhoods**

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|                         |   |                                 |                         |
|-------------------------|---|---------------------------------|-------------------------|
| <b>Meeting:</b>         | <b>Council</b>  | <b>Date:</b>                    | <b>20 November 2014</b> |
| <b>Subject:</b>         | <b>Update on Governance Arrangements for Gloucestershire Airport Limited</b>  |                                 |                         |
| <b>Report Of:</b>       | <b>Cabinet Member for Regeneration and Culture</b>  |                                 |                         |
| <b>Wards Affected:</b>  | <b>None</b>   |                                 |                         |
| <b>Key Decision:</b>    | <b>No</b>   | <b>Budget/Policy Framework:</b> | <b>Yes</b>              |
| <b>Contact Officer:</b> | <b>Sue Mullins, Head of Legal and Policy Development</b><br><b>Anthony Hodge, Head of Regeneration and Economic Development</b><br><b>Jon Topping, Head of Finance</b><br><b>Email: sue.mullins@gloucester.gov.uk</b><br><b>anthony.hodge@gloucester.gov.uk</b><br><b>jon.topping@gloucester.gov.uk</b> |                                 |                         |
|                         |   | <b>Tel:</b>                     | <b>39-6110</b>          |
|                         |   |                                 | <b>39-6034</b>          |
|                         |   |                                 | <b>39-6242</b>          |
| <b>Appendices:</b>      | <b>1. Draft Terms of Reference for Shareholder Forum</b>  |                                 |                         |

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To approve Terms of Reference for the Shareholder Forum for Gloucestershire Airport, to note that constitutional amendments will be required and to note progress being made with the governance arrangements.

### 2.0 Recommendations

- 2.1 Council is asked to **RESOLVE** that:

- (1) Progress on implementation of the approved governance arrangements be noted;
- (2) The draft Terms of Reference for the Shareholder Forum at Appendix 1 be approved;
- (3) Authority be delegated to the Leader, in consultation with the Head of Finance, the Head of Regeneration and Economic Development and the Head of Legal and Policy Development, to make decisions on behalf of the Council as shareholder, on all matters within the Terms of Reference for the Shareholder Forum, except any decisions which are not within the Council's approved Budget or which are inconsistent with the Council's Money Plan.

### 3.0 Background and Key Issues

- 3.1 In December 2012, Gloucester City Council (GCC) commissioned York Aviation Ltd (YAL) to undertake a review of Gloucestershire Airport. The aim of the review was

to enable GCC members to determine a settled policy on the airport's long-term future.

- 3.2 In December 2013, scrutiny committees of both GCC & Cheltenham Borough Council (CBC), as joint shareholding councils, considered and agreed the YAL study recommendations. One of the recommendations was that a review of governance arrangements for the airport be carried out.
- 3.3 CBC and GCC prepared a brief for the review project and following evaluation of Tenders, YAL were selected based on their experience of the aviation business and, in particular, operational airport management.
- 3.3 Council considered the report on 17 July 2014 and approved a number of recommendations, including recommendations about the setting up of a Shareholder Forum to approve the Strategy and Business Plan for the Airport and for amendments to the Shareholder Agreement and the Memorandum and Articles of the Airport Company.
- 3.4 Work has progressed since the Council decision on governance arrangements for the Airport and there is now a need to seek further approvals from Council to enable implementation of the revised governance arrangements. Under the Council's current Constitution, decisions relating to Airport Strategy are reserved to Council. In order for the approved governance arrangements to work as intended, Council needs to approve the draft Terms of Reference for the Shareholder Forum set out at Appendix 1 and the proposed delegated decision-making powers.
- 3.5 A Shadow Shareholder Forum, comprised of the Leader from each shareholding Council and relevant officers, met on 1 October 2014 to receive a presentation from Gloucestershire Airport Limited and YAL on progress made so far on the Vision, Strategy, Business Plan and Budget for the Airport. Further meetings are scheduled for December and January, at which the Airport will be seeking formal Shareholder approval to the Vision, Strategy, Business Plan and Budget for the Airport.
- 3.6 The draft Terms of Reference for the Shareholder Forum set out in Appendix 1 envisage annual reporting back to Council on progress of the Airport against the approved Business Plan and Budget to ensure that each respective shareholding Council is kept informed about the performance of the Airport.

#### **4.0 Alternative Options Considered**

- 4.1 The Council could decide not to delegate the Council's decision-making power as shareholder. However, this would run contrary to the governance changes already approved by Council and could slow the decision-making process, making it harder for the Council to achieve a satisfactory dividend for its shareholding in GAL.

#### **5.0 Reasons for Recommendations**

- 5.1 Both the Shareholders and the Airport Board require a strong governance framework that enables both parties to be aligned on strategic objectives, roles and responsibilities and levels of delegation. Delivery of this framework will support the development of a strong commercially-focused successful company that delivers environmental sustainability and profitable growth.

#### **6.0 Future Work and Conclusions**

- 6.1 If the recommendations are approved, the legal and other representatives of both Councils will continue to work on any necessary documentary or constitutional changes.

## **7.0 Financial Implications**

- 7.1 There are no direct financial implications arising from this report. Any changes to the decision making process which are outside the Council's budget and policy framework may require constitutional changes.

(Financial Services have been consulted in the preparation this report.)

## **8.0 Legal Implications**

- 8.1 In order to facilitate the new governance arrangements, particularly the timely and effective operation of the proposed Shareholder Forum, changes to the Constitution will be required.

- 8.3 Under Section 18(2) of the Airports Act 1986, no Member who is a Director of the Airport should participate in any decision-making in relation to matters affecting the airport.

(Legal Services have been consulted in the preparation this report.)

## **9.0 Risk & Opportunity Management Implications**

- 9.1 The improvements to the governance framework approved by Council will enable a stronger commercially focussed airport company and support the Council's strategic objective of strengthening our economy

## **10.0 People Impact Assessment (PIA):**

- 10.1 The PIA Screening Stage was completed and identified a neutral impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

- 11.1 There are no implications arising from this report.

### Sustainability

- 11.2 There are no direct environmental and climate change implications arising from this report.

### Staffing & Trade Union

- 11.3 There are no implications arising from this report.

**Background Documents:** York Aviation – Independent Review of Governance Arrangements for Gloucestershire Airport (confidential and commercially sensitive)

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# **DRAFT TERMS OF REFERENCE**

## **GLOUCESTERSHIRE AIRPORT – SHAREHOLDER FORUM**

The Gloucestershire Airport Shareholder Forum shall have the functions, powers and responsibilities set out below.

|                     |  |
|---------------------|--|
| <b>Membership :</b> | <b>8</b> (Quorum 4) Cheltenham Borough Council and Gloucester City Council   |
| <b>Comprising:</b>  | Four representatives (1 voting Member and 3 officers) from each of Cheltenham Borough Council and Gloucester City Council<br><br>[XX] representatives from the Airport company shall also be entitled to attend and speak at Forum meetings but shall have no voting rights  |
| <b>Requirement:</b> | Two representatives, comprising 1 Member and 1 officer from each of Cheltenham Borough Council and Gloucester City Council, must be present for meetings to be quorate.  |
| <b>Frequency of</b> | 4 meetings per annum, subject to review, and special meetings may be called if necessary.  |
| <b>Location</b>     | The location of Shareholder Forum meetings shall alternate between Cheltenham Borough Council offices, Gloucester City Council offices and Gloucestershire Airport offices.  |
| <b>Chair</b>        | Meetings shall be chaired by a shareholder Member representative and the Chair will alternate annually between the Cheltenham Borough Council and Gloucester City Council shareholder Members. The Chair of a meeting shall not have a casting vote.   |
| <b>Support</b>      | Support for arranging Shareholder Forum meetings, producing agendas and minutes and any other reasonable support shall be provided by the shareholding Council of the Chair of the relevant meeting. Each shareholder is responsible for ensuring that agendas and minutes of the Shareholder Forum and records of |

decisions taken by shareholder Members are published in accordance with each shareholder's own processes

**Voting**                      **All decisions requiring shareholder approval must be unanimous and may only be taken by the shareholder Member representative of each Council.**

**Role:**                      **The Gloucestershire Airport Shareholder Forum has been established to provide a forum for the shareholding Councils to approve and oversee the performance of the Airport company and to enable the Airport's management to seek shareholder approval, where required.**

1. To approve the Airport Strategy.
2. To review the Airport Strategy, as and when required.
3. To receive and approve the Airport Business Plan each year.
4. To review the Airport Business Plan, as and when required.
5. To receive and approve the Airport Budget each year, provided such Budget is within the financial framework of both shareholding Councils.
6. To review the Airport Budget, as and when required.
7. To monitor performance of the Airport company against the approved Airport Strategy, Business Plan and Budget and to request any necessary remedial action where performance is not in accordance with the approved Airport Strategy, Business Plan or Budget.
8. To receive requests from the Airport company for any funding not within the approved Budget and to refer any such requests supported by the Shareholder Forum to each respective Council for decision.
9. To receive requests from the Airport company for greater commercial freedom and to refer any such requests supported by the Shareholder Forum to each respective Council for decision
10. To review and make recommendations to the Airport company on the Memorandum, Articles of Association and Shareholders' Agreement
11. To report on Airport company performance to each shareholding Council at least annually.



12. To provide a forum for communication between the Airport company and the shareholders, in particular on matters which impact the airport strategy and business plan delivery.

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