

# Gloucester City Council

Meeting:	Council	Date:	20 November 2014
Subject:	Update on Governance Arrangements for Gloucestershire Airport Limited		
Report Of:	Cabinet Member for Regeneration and Culture		
Wards Affected:	None		
Key Decision:	No	Budget/Policy Framework:	Yes
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Appendices:	1. Draft Terms of Reference for Shareholder Forum		

## 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)