



<u>Committee and Date</u>
Housing Supervisory Board
Thursday 21st October 2021

<u>Item</u>
<b>6</b>
Public

## **Cornovii Developments Limited Appointment of Chair of Board of Directors**

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### **1. Synopsis**

The purpose of this report is to notify the Housing Supervisory Board of the appointment of the new Chair of the Cornovii Developments Limited Board of Directors. The separation of the roles of the Managing Director and Chair of the Board of Directors and the appointment of an independent Chair was a key recommendation from the Campbell Tickell review of Shropshire Council's governance arrangements of Cornovii Developments Limited.

### **2. Executive Summary**

- 2.1. The following report is written to inform the Housing Supervisory Board of the appointment of a new Chair to the Cornovii Developments Limited (CDL) Board of Directors. Derek Humphreys, who has served as an independent director on the board since July 2020, has taken on the role of Chair following a competitive interview process.
- 2.2. A review of Shropshire Council's Governance of CDL carried out by Campbell Tickell recommended that the role of Managing Director and Chair of the Board be separated and that an independent Chair who is neither a Council employee nor a local Councillor be appointed.
- 2.3. A competitive interview process involving the CDL team, Tile Hill (Executive Recruitment Agency), the Chair of the Housing Supervisory Board and Shropshire Council Officers, was conducted in September with Derek Humphreys being selected as the preferred candidate for the position. Derek brings with him over 35 years' experience within the development and construction sector.

### **3. Recommendations**

- 3.1. There are no recommendations associated with this report. This report provides information only to the Housing Supervisory Board on Cornovii Developments appointment of a new Chair of its Board of Directors.

## **REPORT**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1. The appointment of an independent non-executive director is compliant with the CDL Articles of Association and Shareholder Agreement.
- 4.2. The same person holding the two positions of Managing Director and Chair of the Board of Directors was identified as a possible risk for the Council over time. This appointment separates these roles and appoints to the role of Chair an independent who is not a Council Officer.

### **5. Financial Implications**

- 5.1. The annual fee for the Chair of the Board of Directors is factored into the CDL 2020-25 Business Plan

### **6. Climate Change Appraisal**

- 6.1. This report does not have any direct impact on the Council's Climate Change Agenda.

### **7. Background**

- 7.1. The role of the Chair of the Cornovii Board of directors has since February 2020 been held by the Managing Director of Cornovii Developments. This was never intended to be a long-term arrangement and it was always the intention that the roles would be separated once the board was fully formed, and the company reached delivery stage. The review by Campbell Tickell, which recommended the separation of the roles and the appointment of an independent Chair, brought forward this process of recruitment.
- 7.2. The Campbell Tickell report advised that the same person holding the two highest positions at non-executive and executive director levels, although still in existence in some parts of the private sector, despite the recommendations from the 1992 Cadbury Report on corporate governance, is unusual in the public or semi-public sectors where various

codes of governance stemming from the Cadbury Report has made the division of responsibilities between the Chair and Chief Executive, explicit. Furthermore, Campbell Tickell stated that to date the arrangements have not caused any issues but should be considered for efficacy and possible reputational risk over time.

- 7.3. CDL is now into delivery stage and on a path to growth, at this point in the Company's development it needs both the Chair and Managing roles performed thoroughly and well, with the roles of the board and the function of the Managing Director clearly defined with perception of, or actual conflict of interest removed.
- 7.4. Derek Humphreys was appointed as a non-executive director on the CDL board in July 2020. Derek brings with him over 35 years of experience within the development and construction sector and has served as a key member of the board during the period in which the company has moved to delivery. Derek is Director and owner of a Quantity Surveying, Project Management and Clerk of Works Practice and former Managing Director of a building contractor specialising in residential and social housing development. Derek was selected as the preferred candidate for the role following a competitive interview process. Following his selection as preferred candidate his appointment has been approved by all serving CDL board members.

**8. Additional Information**

- 8.1. It is a matter for the CDL Board under their Articles of Association to appoint one of their number as the Chair, subject to the power of the Shareholder under Article 14.3 to give the directors notice to terminate the Chair's appointment.

**9. Conclusions**

- 9.1. The Housing Supervisory Board are asked to note the appointment of Derek Humphreys to the position of Chair of the Cornovii Board of Directors. The appointment fulfils the recommendation from the Campbell Tickell report to separate the roles of Chair of the Board of Directors and Managing Director and to appoint an independent Chair.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Cabinet Member (Portfolio Holder)</b> Cllr Dean Carroll
<b>Local Member</b> N/A
<b>Appendices</b> N/A