

AGENDA MANAGEMENT SHEET

Name of Committee **Regulatory**

Date of Committee **31 January 2006**

Report Title **Incorporation of WWRAS**

Summary

To consider proposals of the Warwickshire Welfare Rights Advisory Service to incorporate as a “not for profit” company and to agree that up to three representatives of Warwickshire County Council will be Members and Directors of the organisation.

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Would the recommended decision be contrary to the Budget and Policy Framework?

No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) Cllr Booth, Cllr Mrs Haywood, Cllr Stanley
- Other Elected Members
- Cabinet Member
- Chief Executive
- Legal Victoria Gould
- Finance Chris Jukes
- Other Chief Officers
- District Councils
- Health Authority

Police

Other Bodies/Individuals WWRAS, other organisations represented on the current Board of Trustees,

FINAL DECISION None

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Regulatory - 31 January 2006.

Incorporation of WWRAS

Report of the

Recommendation

That the Committee supports the incorporation of the WWRAS and approves the appointment of up to three Members of the County Council to sit as Directors and Members of the newly incorporated organisation.

That the Committee considers whether it wishes these appointments to be made on the proviso that WWRAS adopts a clause ensuring that the County Council Membership does not reach a proportion that would make it an "influenced" company.

Introduction:

- 1 The Warwickshire Welfare Rights Advice Service is currently an unincorporated body that provides advice directly to clients in relation to the benefits that they are entitled to. It also provides support to other voluntary sector organisations that have front line roles in supporting members of the public in accessing their entitlement to benefit. Last year WWRAS enabled people to access an additional £3.2M.
- 2 The organisation is run on a not for profit basis. The organisation has a number of paid staff, including its manager and its work is directed and overseen by a Board of Trustees. Under the Constitution of the Board three Trustees are appointees of the County Council. This is a reflection of the fact that the County Council provides the majority of the funding for the organisation in return for the provision of the services that make up the heart of the organisation's business, but not the whole of it. WWRAS provides these services in accordance with a service level agreement.
- 3 The Board of Trustees has resolved to incorporate. It seeks to maintain its "not for profit" status and register as a Charitable Company. The proposal is that the Membership and Board will consist of representatives from various organisations that "represent the range of client groups with which WWRAS works" and will include, for example, Citizens Advice Bureaux, people with physical disabilities, people with mental health disabilities, carers, ethnic minority groups.
- 4 WWRAS proposes are that there shall be at least 16 Board Members at any time, up to 3 of which will be Members of the County Council.

However, we need to ensure that the company is not an “influenced” company, as defined by the Local Government and Housing Act 1985, because of the financial implications for the County Council, for example requirements of group accounts, meeting the statutory deadline for closing our accounts, credit arrangements etc.

- 5 A company is under the influence of a local authority if it satisfies **both** of the following two conditions:
- There is at least 20% local authority interest in the company, i.e.
 - at least 20% of voting rights at a general meeting are held by persons associated with the local authority;
 - at least 20% of directors are persons associated with the local authority;
 - at least 20% of the total voting rights at directors meetings are held by persons associated with the local authority.
 - That there is a business relationship between the authority and the company, i.e. if the local authority accounts for over 50% of the company’s turnover in any twelve-month period.
- 6 The organisation is prepared to adopt a clause in its Articles and Memorandum that ensures that the County Council representatives on the Membership and Board of the company are less than 20%. This will protect the County Council from inadvertently gaining an “influence” over the Company should other Members resign.

Recommendations:

That the Committee supports the incorporation of the WWRAS and approves the appointment of up to three Members of the County Council to sit as Directors and Members of the newly incorporated organisation.

That the considers whether it wishes these appointments to be made on the proviso that WWRAS adopts a clause ensuring that the County Council Membership does not reach a proportion that would make it an “influenced” company.

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