

Meeting	Shareholder Committee
Date	22 November 2021
Present	Councillors Widdowson (Chair) and D'Agorne

11. Declarations of Interest

Members were asked to declare, at this point in the meeting, any personal interests not included on the Register of Interests or any prejudicial or discloseable pecuniary interests that they might have in respect of the business on the agenda. None were declared.

12. Minutes

Resolved: That the minutes of the last meeting held on 6 September be approved and then signed by the Chair as a correct record.

It was noted that at the last meeting it was agreed that all Companies should highlight, within all future reports, their actions relating to climate emergency. The Chair agreed to consult with the Companies to ensure this was actioned.

13. Exclusion of Press and Public

Resolved: That the Press and Public be excluded from the meeting during any discussion arising on the following documents, on the grounds that they contain information relating to the financial or business affairs of particular persons (including the authority holding that information), which was classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006:

- (i) Agenda Item 6, Make It York Finance Update:
 - Annex 2, Make It York forecast cashflow November 2021

- Annex 3, Make It York summary profit and loss to 30 September 2021
- (ii) Agenda Item 8, City of York Trading Ltd Update:
- Annex A, CYT Performance Update November 2021
- (iii) Agenda Item 9, Veritau Limited Business Update:
- Appendix, 1 – 2021/22 (quarter 2) Veritau Group management accounts
 - Appendix 2, – Veritau Limited balance sheet at 30/9/21
 - Appendix 3, – Variances against budget (quarter 2)
- (iv) Agenda Item 10, YPO and YPO Procurement Holdings Ltd Finance Update:
- Annex A, – YPO Financial Performance Review
 - Annex B – YPO Procurement Holdings Ltd Business & Trading Report
 - Annex C – Update on Ed-Tech
 - Annex D – Schools update

14. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Ms Swinburn spoke on the governance and transparency related to City of York Council businesses and shareholdings. She noted that some information within the reports was confidential but she felt there was much that could be published. She would welcome a standard format report with required appendices at future meetings to ensure public assurances that businesses were viable and providing a return. She also sought assurances to instigate improved democratic oversight of the Companies, with at least one annual scrutiny of each company, an annual report to Executive and a combined annual report on the finance and governance of all the shareholdings to the Audit and Governance Committee.

15. Yorwaste Update

Members consider a report that updated them on Yorwaste's performance.

The Managing Director (Yorwaste) and the Finance Manager (City of York Council, (CYC)) were in attendance to provide an update and answer questions.

The Managing Director confirmed:

- Annual reports were publicly available and could be provided as appendices at future meetings.
- Yorwaste was overseen by CYC and North Yorkshire County Council (NYCC) and had specific Local Authority Councillors on the Board.
- Apprentice levies had been used and some roles within Yorwaste were available through the Kickstart Scheme.
- There was an aspiration to raise the number of female employees within the industry.
- The HGV driver shortage had stabilised but management would continue to monitor this risk, as well as the broader employment market, as it had been harder to recruit across a range of roles.
- As Covid restrictions reduced and with the return to more normal operations, the injury incident rate had started to climb slightly and the Company was investing in additional training to mitigate this.
- The Company was progressing its work to support ISO 5001 Energy Management Certification and was currently conducting a feasibility study into the potential Green Energy Parks at one, or both, of the closed Harewood and Seamer landfill sites.
- Yorwaste delivered shareholder value in a number of ways and continued to perform well both operationally and financially.
- The Company was still in the process of finalising their budget for 2022/23.
- The Government Resource and Waste Strategy consultation had the potential to impact the operations of Yorwaste but overall the Company was in a strong position to support any outcome.

Members were informed that Yorwaste's fleet of vehicles for operational managers/supervisors were due to be replaced over the next year and a move to electric vehicles was under

consideration. The Chair confirmed that CYC were also investigating this move and she suggested that the Managing Director contacts CYC's Head of Programmes and Smart Place.

The Chair thanked the Managing Director for all the improvements made over the last year and Members questions, relating to procurement processes and renewable energy were answered. It was noted that:

- An independent procurement review had taken place to ensure processes were fair, transparent and achieved the correct outcomes.
- The Green Energy Parks feasibility study would be completed by the end of the current fiscal year.

The Managing Director was thanked for his update.

Resolved: That the report be noted.

Reason: To enable the Council to be kept updated on the performance of Yorwaste Ltd.

16. Make It York Finance Update

Members considered a report that provided an update on Make It York's (MIY) financial performance and the mitigations that MIY were seeking from the council, in light of Covid, in order to ameliorate its financial position.

The Head of Marketing and Communications (MIY), the Managing Director (MIY) and the Finance Manager (City of York Council (CYC)) were in attendance to present the report and answer any questions.

The Finance Manager provided a brief overview and the Chair confirmed that the totals varied slightly throughout the report but that the correct figures were noted within paragraph 8.

Members noted that the three potential areas MIY were seeking financial assistance/mitigation included:

- Relief on the business rates paid in respect of the Museum Street shop (a cost to the council of £6.4k based on the days it was closed over 2020/21 and 2021/22);

- A reduction in the revenue stream required from MIY commensurate with the reduction in cashflow experienced by the company in April when the Shambles market was closed (a cost to the council of £14.3k); and
- Support with the cost of counter terrorism measures required during the Christmas Market (a cost to the council of £78.9k).

In answer to questions raised, it was confirmed that a procurement policy was being developed and would be presented at the next Shareholder Committee and during discussion it was:

Resolved:

- (i) That the final contract price, as set out in paragraph 8 of the report, be noted.
- (ii) That the report and annexes be noted.
- (iii) That the financial assistance/mitigation requested by Make It York be referred to Executive.
- (iv) That the procurement policy be overseen by the Chair before the next Shareholder Committee meeting.
- (v) That arrangements be made for Committee Members to discuss with MIY their sustainability agenda, particularly the removal of single use plastics across all events and the energy supplies across all the activities across the city.
- (vi) That the Chair be invited to attend the Visit York Tourism Conference in January 2022.

Reason: To ensure that the Council was updated on the financial performance of Make It York.

17. Amendment to Articles of Association of Make it York Limited

The Committee considered a report that provided background and information on the proposed amendment to the Articles of Association of Make It York Ltd to increase the authorised rate of remuneration for officers of or consultants to the company.

The Head of Marketing and Communications (MIY) and the Managing Director (MIY) were in attendance to present the report and following discussion it was:

Resolved: That the increased limit for inclusion in the amended Articles of Association be referred to Executive for consideration, including Annex A to the report.

Reason: To enable Executive to agree the appropriate levels of remuneration for officers of or consultants to the Company.

18. City of York Trading Update

Members considered a report that provided an update on City of York Trading Ltd's performance.

The Managing Director of City of York Trading (CYT) and the Interim Head of HR (City of York Council (CYC)) were in attendance to present the report and answer questions.

The Managing Director provided a brief overview, noting that:

- CYT had attended a number of events and job fairs and were experiencing a challenging market at the moment.
- Monthly reports were provided to CYC, as well as regular meetings taking place with officers.

In answer to questions raised on retaining staff, it was noted that CYT only supported the Council's temporary recruitment opportunities. It was rare for a temporary member of staff to not stay for the original duration of the assignment and CYT and CYC agreed they would continue discussions on accelerating the recruitment process.

Officers were thanked for their update.

Resolved: That the report be noted.

Reason: To ensure the Council was updated on the performance of City of York Trading Ltd.

19. Veritau Limited Business Update

Members considered a report that provided a business update.

The Chief Executive (Veritau) and a Senior Solicitor (City of York Council) were in attendance to provide an update and answer any questions.

The Chief Executive confirmed that the Group:

- was on track to achieve its target profit for 2021/22 and there were no significant variances against the budgets.
- continued to bid for contracts.
- continued to offer services to schools within the region and had developed two new specialist services offering risk management and whistleblowing.
- had retained its Investors in People (IIP) accreditation for another year.

Members commended the Group for their achievements over the last year and in answer to questions on devolution, the Chief Executive confirmed he did not see any particular risk to the business over the next few years.

Resolved: That the Group's performance to date in 2021/22 be noted.

Reason: To ensure the Council was updated on the performance of Veritau Ltd.

20. YPO and YPO Procurement Holdings Ltd Finance Update

Members considered a report from YPO that outlined their latest financial performance.

The Managing Director (YPO) and the Finance Manager (City of York Council (CYC)) were in attendance to provide an update and answer any questions raised.

The Managing Director confirmed:

- YPO was established as a joint committee of Local Authorities and CYC was one of the 13 founder member authorities.
- Trading activity had been impacted by the national lockdown imposed during 2020 and the closure of schools but since schools returned, the financial analysis had improved and a trading surplus should be met.
- Cash resources, stock availability and price stability was continually reviewed.

- A Contracts for Schools offer had been developed which provided a broad spectrum of support for educational establishments.
- YPO Procurement Holdings Ltd purchased a 30% shareholding of EdTech Impact Ltd, which was designed to assist with online learning. The remaining 70% of the shares were held by the founder of the business, who was currently looking for potential co-investors. Any potential co-investor also required the explicit agreement of YPO, to ensure that the overall shareholding remained on the same ethical footing as YPO.
- Schools were increasingly moving away from large bulk orders to fragmented purchases throughout the year, with next day delivery rising as a requirement. YPO were required to urgently adapt to these changing circumstances.
- A 3 year strategy had been drafted which proposed investment in rapid digitalisation and the move to fixed prices for 12 months.
- Previous initiatives with member authorities to carry out branded marketing campaigns had proved successful and it was suggested that this could be a potential future activity for YPO and CYC.

In answer to questions raised regarding PPE, the Managing Director confirmed the loss was contained within the 2020 financial year and that publicly available accounts would be attached to future reports. It was also noted that the challenges within the supply chains were being investigated.

The Managing Director was thanked for his comprehensive report and update.

Resolved:

- (i) That the report and annexes from YPO and YPO Procurement Holdings Ltd be noted.
- (ii) That the Assistant Director of Policy and Strategy be contacted to discuss potential marketing campaigns.
- (iii) That the Chair be provided with further information on Edtech Impact Ltd, particularly the online services to schools.

Reason: To ensure the Council was updated on the financial performance of both YPO and YPO Procurement Holdings Ltd.

21. Municipal Bonds Agency

Members considered a report that presented an overview of the Municipal Bonds Agency (MBA).

The Finance Manager was in attendance to provide an update and answer questions.

He informed Members that:

- The MBA was owned by the Local Government Association.
- The Council had contributed £40k to the agency in 2014 and was one of 56 Councils to have done so.
- It provided Councils with an alternative source of borrowing, other than the Public Works Loan Board (PWLB) that had historically been the main route to secure borrowing.
- MBA's current rates were marginally below PWLB.
- The agency was yet to make a profit but had started lending more widely.
- CYC had not yet borrowed from the agency but this would be a consideration when borrowing as part of the treasury management strategy.

In answer to questions raised, it was confirmed that there was an audit trail for the initial investment of £40k and without that investment the Council would not have the option to borrow from the MBA.

Resolved: That the report be noted.

Reason: To provide the Committee with information on the Municipal Bonds Agency.

22. Work Plan

Members considered the Committee's work plan for the remainder of the municipal year.

Resolved:

- (i) That the work plan be noted.
- (ii) That all Companies provide their publicly available accounts in future reports.

Reason: To ensure the Committee received regular reports in accordance with the functions of an effective Shareholder Committee.

Cllr Widdowson, Chair

[The meeting started at 4.30pm and finished at 6.08pm].