

**Notice of a public meeting of
Shareholder Committee**

To: Councillors Widdowson (Chair) and D'Agorne
Date: Wednesday, 15 June 2022
Time: 4.30pm
Venue: The Snow Room - Ground Floor, West Offices (G035)

AGENDA

1. Declarations of Interest

At this point in the meeting, Members are asked to declare any disclosable pecuniary interests or other registerable interests they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests.

2. Minutes (Pages 1 - 10)

To approve and sign the minutes of the last meeting of the Committee held on 28 March 2022.

3. Exclusion of Press and Public

To consider excluding the public and press from the meeting during consideration of the following item:

Agenda Item 8, City of York Trading Ltd Update

- Annex A– CYT Performance Update June 2022
- Annex B – Report of the City of York Trading Ltd Remuneration Committee

On the grounds that these contain information relating to the financial or business affairs of any particular persons (including the authority holding that information). This information is 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.

4. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting. The deadline for registering at this meeting is at **5.00pm on Monday 13 June 2022**.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this public meeting will be webcast including any registered public speakers who have given their permission. The public meeting can be viewed on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

- 5. Veritau Limited Business Update** (Pages 11 - 20)
To receive an update on Veritau Group's finance and performance to date.
- 6. Yorwaste Ltd Finance Update** (Pages 21 - 26)
To consider reports from Yorwaste providing a trading update for the 2021/22 financial year as well as early trading information for 2022/23.
- 7. YPO Ltd Finance Update** (Pages 27 - 30)
To consider a report from YPO outlining the latest financial performance.

8. City of York Trading Ltd Update (Pages 31 - 42)
To consider the City of York Trading Ltd performance update,
including the draft final outturn for 2021/22.

9. Work Plan (Pages 43 - 44)
To consider the Committee's Work Plan for the 2022/23
municipal year.

10. Urgent Business
Any other business which the Chair considers urgent under the
Local Government Act 1972.

Democracy Officer:

Name: Louise Cook

Contact details:

- Telephone – (01904) 551031
- Email - louise.cook@york.gov.uk

For more information about any of the following please contact the
Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim (Polish)
własnym języku.

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

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City of York Council

Committee Minutes

Meeting	Shareholder Committee
Date	28 March 2022
Present	Councillors Widdowson (Chair) and D'Agorne
In Attendance	Councillor Kilbane

23. 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 disclosable pecuniary interests that they might have in respect of the business on the agenda. None were declared.

24. Minutes

Resolved: That the minutes of the last meeting held on 22 November 2021 be approved and signed by the Chair as a correct record.

25. 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 5, Veritau Limited Business Update
 - Appendix 1 – Veritau group profit and loss account 2021-22 (quarter 3)
 - Appendix 2 – Veritau Limited balance sheet at 31/12/21
 - Appendix 3 – Variances against budget (quarter 3)

- Appendix 4 Veritau business plan 2022-23
 - Appendix 5 – Veritau Group budget 2022-23
- (ii) Agenda Item 6, Yorwaste Ltd Finance Update
- Annex 2 - Yorwaste Headline Performance Review
- (iii) Agenda Item 8, City of York Trading Ltd Update
- Annex B – CYT Performance Update March 2022
 - Annex C – CV of proposed Independent Non-Executive Director
- (iv) Agenda Item 9, Make It York Update
- Annex H - MIY Forecast Cash flow
 - Annex I - MIY Summary Profit and Loss

26. Public Participation

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

27. Veritau Limited Business Update

Members considered a report that provided an update on Veritau Group's finance and performance to date.

The Chief Executive of Veritau provided an overview and confirmed that the Group:

- Were on track to exceed its target profit for 2021/22.
- Had continued to gain contracts and expand the business.
- Had introduced new hybrid working arrangements for staff and continued to invest in new management systems.
- Were expecting 2022/23 to be more financially challenging, due to rising inflations in overheads and pay cost pressures but there was sufficient reserves to cover this eventuality.
- The local government reorganisation (LGR) in North Yorkshire would be a significant challenge for a number of

member councils and would remain a service priority for the Group.

In answer to questions raised regarding the impact of the LGR and cost inflations, the Chief Executive confirmed that the Group did not anticipate the LGR to be a significant risk to the business over the next few years, but following the transitional period, it was inevitable that there may be some reductions in services. Staff recruitment and retention continued to be an issue and pay increases were not possible. However, a number of trainee internal auditors had been recruited through the Group's own graduate trainee programme.

Members thanked the Chief Executive for his report and commended the Group's current financial position.

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.

28. Yorwaste Ltd Finance Update

Members considered a report that provided a Yorwaste trading update for the 2021/22 financial year, as well as the Business Plan for 2022/23.

The Managing Director of Yorwaste highlighted how they delivered shareholder value and in answer to questions raised regarding health and safety, carbon emissions and the strategic priorities for the 2022/23 Business Plan, the Managing Director confirmed that:

- The Company had achieved the Royal Society (RoSPA) for the Prevention of Accidents Gold award and all senior managers had passed the NEBOSH Health and Safety Leadership Excellence course. Frontline supervisors and managers had also received additional training and operational managers had received one to one on the job coaching by external health and safety consultants.
- The Company were examining solutions to further reduce energy efficiencies in its buildings and where practical, to transition its fleet of smaller vehicles from diesel to electric. HGV's could possibly use hydrogen but the network availability to refuel was limited.

- The report on options for Green Energy Parks at one, or both of the closed Harewood and Seamer landfill sites was almost complete and details could be shared at the next Shareholder Committee.
- A business case for upgrading Harewood Whin to meet shareholder's needs, under the new Resource and Waste Strategy recycle collection policy, would be developed and depending on the market, it could be possible to recycle more from this site.

The Chair thanked the Managing Director for his report and commended Yorwaste for their ongoing achievements and profits made over the last year.

Resolved: That the report be noted.

Reason: To ensure the Council was updated on the financial performance of Yorwaste.

29. YPO Ltd Finance Update

Members considered a report that outlined YPO's and YPO Procurement Holdings Ltd latest financial performance.

The Managing Director of YPO provided an update and confirmed that:

- The published accounts and Annual Report for 2020 showed the impact of the Covid pandemic, which closed schools for a significant period of the year and included the losses incurred on the procurement of personal protective equipment (PPE) on behalf of the public sector.
- 2021 was targeted as a year of recovery, returning to more normal trading levels and despite the continued closure of schools in the first quarter of 2020, the recovery ambition was achieved with an indicative profit of £3.7m.
- The budget for 2022 had been established based on 2019 trading levels and the company were on track to achieve the targets.
- Pension liability had increased significantly and the costs could be managed in a number of ways. The Company did not anticipate the inflations to be a significant risk to the business.
- YPO's Health and Safety Committee was jointly chaired by the Managing Director and the Unison Branch

Secretary. The Committee was responsible for agreeing and monitoring the Health and Safety Policy and for reviewing all incidents, to establish continued improvements.

- The role of the Health and Safety Manager was currently being strengthened through an internal restructure.
- YPO was a collaborative procurement organisation and all local government framework contracts and products were priced under public contract regulations.
- Small and medium-sized enterprises (SMEs) were given the chance to participate in public sector contracts and a number of collaborative events had taken place to promote participation and to provide advice and guidance.
- YPO was actively supporting its members in meeting their obligations under the Social Value Act.
- YPO had an active apprenticeship programme which started in 2011 and had recruited 80 apprentices.

In answer to questions raised regarding utilities contracts and the procurement policies, it was noted that:

- There was no exposure to Gazprom or Russian owned assets.
- All of YPO procurement was governed by an Energy Industry Steering Group, which had representation from around 70 local authorities. The Steering Group determined the Ethical Procurement Policy and the risk profile.
- Bolton Council and Manchester City Council had registered with YPO, which would increase the overall procurement spend and would reinforce and support the levelling up agenda in the north of England.

The Chair thanked the Managing Director for his report and welcomed an update on the Ethical Procurement Policy at the next meeting.

Resolved: That the update be noted.

Reason: To ensure the Council was updated on the financial performance of YPO

30. City of York Trading Ltd Update

Members considered a report that highlighted City of York Trading's (CYT) performance update and the appointment of a new Independent Non-Executive Director.

The Managing Director of CYT Ltd confirmed that:

- The Company's financial performance for 2021/22 year to date was positive with both turnover and profit above budget.
- The Company had provided a large volume of temporary staff to City of York Council (CYC) to support York's Covid response and due to the change in restrictions, CYT would work on retaining the staff affected.
- Owing to other business commitments, a Non-Executive Director had resigned in February 2022. The Company advertised for another Independent Non-Executive Director and the Board conducted interviews with shortlisted candidates in March 2022.
- The Company planned to move to a new building, leased from CYC, in June 2022. The building was currently undergoing repair and refurbishment.
- The Company planned to further expand its staff numbers later in 2022 and subject to capacity, it was anticipated that at least one role would be suitable as an apprenticeship opportunity.

In answer to questions regarding short term roles and the recruitment of staff, the Managing Director confirmed that certain sectors continued to use temporary staff and LinkedIn access had been expanded to recruit and target people for specialist roles. Second tier agencies were also used when recruiting Social Workers.

The Managing Director was thanked for her update.

Resolved:

- (i) That the statutory accounts for City of York Trading Ltd for the financial year 2020/21, be noted.

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

- (ii) That the report from City of York Trading Ltd, be noted.

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

- (iii) That the appointment of a new Non-Executive Director, be approved.

Reason: To ensure the Company had a Board of Directors with two Independent Non-Executive Directors in accordance with the Shareholders Agreement.

31. Make It York Update

Members considered a report that provided an update on Make It York's (MIY) performance, the business plan and the Scheme of Delegation.

The Managing Director of MIY provided a presentation on the business plan and she highlighted the processes in place, including the key priorities and values that had been set for the next three years.

During discussion, it was noted that Make It York:

- Was valued by key partners.
- Would be more transparent and clear.
- Would increase partnership working.
- Would continue to provide a visitor information centre in York.
- Would focus on activities for York residents in the business plan.
- Had a tender process in place for all events and activities.

The Chair welcomed the progress made and in answer to questions raised regarding key performance indicators (KPI's), Markets, sustainability and vacant shop premises, the Managing Director confirmed that:

- Tenders could be submitted on MIY's website and the Scheme of Delegation summary could be emailed to Committee Members.
- A researcher had been appointed to monitor the KPI's and they would be measured through evaluation of events and feedback from consumers and members.

- A Market Strategy would be produced to help define further scope and responsibilities of all Markets that fall within MIY's remit.
- A Sustainable Policy was under consideration which would set out actions that could be taken to protect the environment through carbon reduction in activities MIY managed.
- Sustainability would also be measured through the tender process and terms and conditions for participation in the Christmas Market would include the banning of single-use plastics.
- A Tourism Strategy was under consideration which would work support the hospitality sector to develop a more ecological friendly city, including encouraging a more sustainable way to travel to York
- A York Create Fund was being considered to generate funding for local artists to produce and present their work.
- MIY were aiming to achieve the Good Business Charter. Once attained, they would encourage other businesses to sign up and could mandate this in their tendering process.
- There was a range of measures in place to encourage people to take up vacant retail premises.
- Street cleaning was not within MIY's remit but they would support actions taken to improve the public realm.

The Committee supported the banning of single use plastics at the Christmas Market and commented that they would welcome this approach across more events. They agreed a shared partnership vision and ambition for the Shambles Market was required and the Managing Director was commended on what she had achieved so far.

Resolved:

- (i) That MIY's performance to date in 2021/22, be noted.
- (ii) That MIY's business plan for 2022/23, be approved.
- (iii) That MIY's Scheme of Delegation, be approved.

Reason: To ensure sound governance of the company.

32. Work Plan

Members considered the Committee's work plan for 2021/22 and 2022/23.

Resolved: That the work plans be noted.

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

Cllr Widdowson, Chair

[The meeting started at 4.30pm and finished at 5.45pm].

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Shareholder Committee

15 June 2022

Veritau Limited Business Update

Introduction

1. Veritau Limited is a local authority shared service company jointly owned by the City of York Council and North Yorkshire County Council. The company was established in 2009. The company has two subsidiary companies, Veritau North Yorkshire Limited and Veritau Tees Valley Limited, which are part owned by other councils. Together the companies form the Veritau Group.
2. The wider Veritau Group has 9 member councils but also provides services to a large number of multi-academy trusts and schools, housing associations and other public sector organisations. The group employs approximately 70 professional staff and offers a range of assurance services, including internal audit, counter fraud, risk management, and information governance. The majority of these services are delivered to organisations in the Yorkshire region although the group has clients across the United Kingdom.
3. Veritau delivers shareholder value to its member councils through:
 - Economies of scale resulting in lower unit costs
 - Increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort and best practice is more easily shared
 - Improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) that would otherwise not be available to a small in-house team
 - Increased resilience and the ability to accommodate changes in workload because of the larger pool of staff available
 - Improved service continuity and less reliance on key members of staff for service delivery

- The ability to invest in new technologies and working practices

Finance and Customer Satisfaction Update

4. Since the last meeting of the Shareholder Committee on 28th March 2022, the Group has gained contracts to provide internal audit services and data protection services to schools and other public sector organisations.
5. Veritau detail within their report the conclusions from their annual customer satisfaction surveys conducted in March 2022. Overall the results are very positive for Veritau with customers being either “very satisfied” or “satisfied” with the services they have received.
6. Veritau also give recognition to three trainee internal auditors who have completed their professional qualifications and progressed to become internal auditors.

Recommendations

7. That the Shareholder Committee notes the Veritau Limited Business Update.

8. Implications

Financial

None directly arising from this report.

Human Resources (HR)

None directly arising from this report.

Equalities

None directly arising from this report.

Legal

None directly arising from this report.

Crime and Disorder, Information Technology and Property

None directly arising from this report.

Author responsible for the report:

Janie Berry, Director of Governance, City of York Council

Max Thomas
Veritau Chief Executive
max.thomas@veritau.co.uk

Report Approved **Date** 7 June 2022

Wards Affected:

All

For further information please contact the author of the report

Annexes:

Annex 1: Veritau Update Report

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City of York Council Shareholder Committee

15 June 2022

Veritau Limited Business Update

Introduction

- 1 Veritau Limited is a local authority shared service company jointly owned by the City of York Council (CYC) and North Yorkshire County Council (NYCC). The company was established in 2009. The company has two subsidiary companies, Veritau North Yorkshire Limited and Veritau Tees Valley Limited, which are part owned by other councils. Together the companies form the Veritau Group.
- 2 The wider Veritau Group has 9 member councils but also provides services to a large number of multi-academy trusts and schools, housing associations and other public sector organisations. The group employs over 70 professional staff and offers a range of assurance services, including internal audit, counter fraud, risk management, and information governance. The majority of these services are delivered to organisations in the Yorkshire and Teesside regions although the group has clients across the United Kingdom.
- 3 Veritau delivers shareholder value to its member councils through:
 - economies of scale resulting in lower unit costs
 - increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort and best practice is more easily shared
 - improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) that would otherwise not be available to a small in-house team
 - increased resilience and the ability to accommodate changes in workload because of the larger pool of staff available
 - improved service continuity and less reliance on key members of staff for service delivery
 - the ability to invest in new technologies and working practices

Finance and Performance Update

- 4 Since the last meeting of the Shareholder Committee on 28 March 2022, the Group has continued to gain contracts to provide internal audit and data protection services to schools and other public sector organisations.
- 5 During the period 3 trainee internal auditors have also completed their professional qualifications and progressed to become internal auditors.

Client Satisfaction Surveys

- 6 We issued our annual client satisfaction surveys in March. The first was sent to senior managers at all our clients and the second to schools who receive our DPO service. The response rates for each survey were 11.5% and 9.6% respectively.
- 7 The headline results from the first survey were as follows:
- 8 2022 survey – overall rating for the service:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	9	9	1	0
Fraud	3	5	0	0
IG	2	7	0	1
Total	14	21	1	1
%	38%	56%	3%	3%

The corresponding results in 2021 were:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	11	6	0	2

Fraud	7	5	1	0
IG	6	5	0	0
Total	24	16	1	2
%	56%	37%	2%	5%

- 9 The headline results for the schools DPO survey were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	40	16	2	0
%	69%	28%	3%	0

The corresponding results in 2021 were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	44	15	4	0
%	70%	24%	6%	0

- 10 Client retention also remained strong with 99% of clients indicating that they would continue to purchase services in 2022/23.

Staff Satisfaction Survey

- 11 We also received the results of our annual staff survey. The response rate was 68%. The headline results from the survey were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
16	29	9	0	0
29%	54%	17%	0%	0%

The corresponding results in 2021 were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
16	25	8	2	0
31%	49%	16%	4%	0%

2021/22 Financial Statements

- 12 The 2021/22 accounts are currently being audited. The provisional operating results for the Group (excluding accounting and pension adjustments and before tax) are:

	2021/22 (budget)	2021/22 (actual)	2020/21 (actual)
	£ (k)	£ (k)	£ (k)
Turnover	2,723	2,858	2,601
Cost of sales	(2,441)	(2,501)	(2,408)
Gross profit	282	357	193
Other income	2	5	2
Overheads	(217)	(236)	(212)
Net profit/(loss) before tax	67	126	(17)

Further accounting adjustments are possible as a result of the audit. The final results will therefore be reported to the next shareholder committee meeting.

Other service developments

- 13 The new case management system in the Counter Fraud team has gone 'live'. The internal audit management system has also been upgraded.

Procurement

- 14 The majority of the Group's expenditure is employee related, and support services (for example, IT, legal, HR and payroll) are mostly provided by our member councils. Procurement activity is therefore limited. Any goods and services which are bought-in are procured in accordance with the Group's contract procedure rules.

Sustainability

- 15 The Group's business objectives have been updated for 2022/23 to include a specific commitment to ensure the business is delivered in an environmentally sustainable manner. This commitment is underpinned by our environment and sustainability policy.
- 16 As previously reported, the Group has recently moved to a hybrid working model as a way to reduce travel and hence our carbon footprint. Sustainability is also a factor in any procurement activities.

Recommendations

- 17 That the shareholder committee notes the Group's performance since the last business update report.

Further Information

Contact: Max Thomas – Chief Executive
max.thomas@veritau.co.uk

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Shareholder Committee

15 June 2022

Report of the Chief Finance Officer

Yorwaste Ltd Finance Update

Purpose of Report

1. To consider reports from Yorwaste providing a trading update for the 2021/22 financial year as well as early trading information for 2022/23.

Recommendations

2. Note the reports from Yorwaste Ltd attached at annex 1 to this report.

Reason: To ensure the Council is updated on the financial performance of Yorwaste Ltd.

Background and analysis

3. Yorwaste was established as a Local Authority Waste Disposal Company owned fully by North Yorkshire County Council in 1991 to manage the council's landfill sites. In 1996 as part of Local Government Review City of York Council became a 22.27% shareholder of the company. The company provides services to York relating to Transfer Stations, processing recyclates, garden waste and management and transport of waste at the two Household Waste Sites. They also provide similar services within North Yorkshire County Council.
4. The Yorwaste board is made up of council representatives of the two authorities and also independent board members. The representatives from City of York Council are currently Cllr A. Waller and the Corporate Director of Place, Neil Ferris. The company is a Teckal company whereby over 80% of its revenues come from its local authority owners.
5. The latest trading update for the company is shown at Annex 1. This includes headline performance for 2021/22 and highlights key issues around the Business Plan for 2022/23 as well as challenges facing the company over the coming years.

Risk Management

6. There are no specific risk issues arising from this report.

Implications

7. There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:		
Patrick Looker Head of Service Finance Email: patrick.looker@york.gov.uk	Debbie Mitchell Chief Finance Officer		
	Report Approved	x	Date 6 June 2022
Wards Affected: All			
For further information please contact the author of the report			

Annexes:

Annex 1 – Yorwaste Headline Performance Review.

YORWASTE

1. How Yorwaste delivers shareholder value.

As a Teckal company, Yorwaste delivers shareholder value in a number of ways.

Directly through either a reduction in the cost-of-service provision to the shareholding authority or in the generation of profits which accrue to the shareholding authority. This value is enhanced by the operation of commercial activities which can offset operating costs to the authority or enhance the generation of profits.

Indirectly through the shareholders' investment in Allerton Waste Recovery Park (AWRP) by maximising their potential financial return from volume related contractual terms.

Intangibly in that, because of its shareholding ownership, additional ad-hoc services and assistance to the shareholding authority are provided at either cost or zero charge.

The challenge for Yorwaste is to balance the above factors to deliver a cost effective, tax efficient, value for money solution for the local taxpayer.

2. Financial Results for year-ending 31 March 2022

The Company is currently going through its annual audit process and therefore the following comments relating to those results are provisional and based on the unaudited management accounts and may be subject to change.

The report and accounts will be presented to the Yorwaste Board for approval in June, and subsequent shareholder approval in September after which they will be filed with Companies House. A copy of the report and accounts will be provided as an appendix to the October Shareholder Review meeting.

The Company performed well in a year with HGV driver shortages, continuing impact of COVID on staff availability, supply chain issues, and more recently, fast increasing inflation across many cost categories and especially in fuel costs.

On the positive side, commercial sales revenues were up, and the Company reaped the benefit of its investment to improve landfill gas

volumes which, combined with a strong energy price, saw revenues from landfill gas increase year-on-year.

As a result, compared to prior year, whilst sales were up, total operating costs were up by slightly more, and provisional profit before tax fell back slightly to £1m.

Against the challenges of the year this still represents a good out-turn as the Company reduced the impact of the cost increases through tight cost control and absorbed the remainder rather than seek to recoup them from the authority customer.

The Company ended the year with a strong cash balance, will continue to pay down its shareholder loans, and does not anticipate any cash calls on the shareholder for the foreseeable future.

3. Update on current trading

Health & Safety

The Company was once again awarded the ROSPA Gold award and retained its ISO 45001 Health & Safety accreditation.

Environment & Climate Change

The Green Energy Parks report has identified viable green energy options at both Harewood and Seamer, however there are some wider grid infrastructure issues which require further investigation, and this is underway.

Once this work is complete, recommendations will be put to the authority shareholders. This is expected to take place in July of this year.

In addition to this project the Company is, as part of its ISO 50001 process, reviewing the energy efficiency of its buildings with a view to identifying investment projects which will both mitigate the impact of higher energy costs whilst contributing to management of the Company's carbon footprint.

4. Looking Forward

The budget for the current year (2022/23), set in November last year (2021), anticipated a fall in profit driven by higher operating costs (including red diesel and annualization of HGV pay increases) and falling landfill gas revenues. Since then, inflation has increased, and

now looks set to rise higher, which combined with the threat of higher interest rates make the prospect of a recession a real possibility before the end of 2022.

As explained in point 1 the Company must consider wider shareholder value. As such, at this point, we are not seeking to recoup those higher costs from the authority client, and this will put a downward pressure on our profit forecast.

We have increased our commercial customer prices in line with the market and will continue to seek options for cost reduction and/or other mitigations.

The forward outlook for energy prices shows no signs of respite and may be further exacerbated as we move into the second half of the year. The hedge of landfill gas may provide some protection but by how much, at this point, it is hard to say.

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Shareholder Committee

15 June 2022

Report of the Chief Finance Officer

YPO Ltd Finance Update**Purpose of Report**

1. To consider a report from YPO outlining the latest financial performance.

Recommendations

2. Note the report from YPO and YPO Procurement Holdings Ltd attached as an annex to this report.

Reason: To ensure the Council is updated on the financial performance of YPO.

Background and analysis

3. YPO (formerly known as the Yorkshire Purchasing Organisation) was established as a joint committee of Local Authorities in 1974 and the Council is one of 13 founder member authorities.
4. YPO Procurement Holdings Ltd was incorporated in 2014 as a subsidiary of YPO and was formed so that YPO would be able to transact with the private sector for the first time and to open up new markets, but also to enable it to act in a more commercial fashion, with a governance structure more aligned to a commercial business than a local authority.
5. The activity of both companies is regularly reported to officers through the Strategic Officers Group which is attended by the Chief Finance Officer on behalf of the Council. There are also elected member representatives from the Council on the YPO Management Committee and the YPO Procurement Holdings Ltd Board.
6. The Council is one of 13 founder members and therefore does not have sole control over the company, but works in partnership with YPO and the other 12 Councils.

7. Annex 1 is a report from the Managing Director of YPO which provides a brief update on performance for the company. The report also includes further information around issues requested by the Shareholder Committee.

Risk Management

8. There are no specific risk issues arising from this report.

Implications

9. There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:			
Patrick Looker Head of Service Finance patrick.looker@york.gov.uk	Debbie Mitchell Chief Finance Officer			
	Report Approved	✓	Date	07.6.22.
Wards Affected: All				
For further information please contact the author of the report				

Annexes

Annex 1 – YPO Financial Performance Review and General Update



YORK SHAREHOLDER COMMITTEE

15 JUNE 2022

TITLE: YPO UPDATE REPORT

REPORT OF: YPO MANAGING DIRECTOR

1. PURPOSE OF REPORT

- 1.1 To provide members of the Shareholder Committee with an update on the performance of YPO, of which York is one of thirteen founder members. The report also includes information on the specific issues requested by the committee at the previous meeting.

2. PERFORMANCE UPDATE

- 2.1 In the previous update report, it was stated that YPO returned to profitability in 2021 and has a profit target for the 2022 financial year (calendar year) a little less than double that achieved in 2021. At the end of May, all elements of that plan which are within YPO's control are on or ahead of target. The exceptions to this are costs which cannot be passed on in the short term. On the whole, product price increases have been passed on to customers with little or no resistance as the global cost of living crisis is well understood. The adoption of a new price benchmarking software system has helped greatly in determining pricing levels which are still competitive and value for money. YPO is determined to ensure that no profiteering results from this situation and is committed to striking the on-going balance between competitive pricing and surplus for member authorities as always.
- 2.2 Adverse effects are, however being experienced in operating costs. This is particularly in the areas of insurance, distribution, utility and fuel costs. The cumulative effect of increases both experienced and predicted within this financial year would currently have the effect of reducing the overall profit by roughly 8%. A full mid-year budget review is therefore currently taking place to identify areas where costs can be controlled or reduced without restricting capacity available for long term growth. This review will be completed by the end of June and the outcome will therefore be reported at the next Shareholder Committee meeting.

3. PROCUREMENT POLICIES

- 3.1 A comprehensive update on YPO's procurement activities as a Public Sector Buying Organisation was given in the previous update and there is currently nothing to add to this status.

4. SUSTAINABILITY

- 4.1 Since the last committee meeting, YPO has achieved re-accreditation to the ISO 14001 Environmental Standard with no non-conformances. The new Health & Safety Manager, whose responsibilities include sustainability has also started and will be carrying out a review of priorities in this area for the future programme of improvements.
- 4.2 In addition, the first of the electric delivery vehicles sourced through a government-funded trial has been delivered and is currently undergoing livery painting before going into service.

5. RECOMMENDATIONS

- 5.1 That members should note the content of the report.

SERVICE DIRECTOR: SIMON HILL, MANAGING DIRECTOR

YPO
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Wakefield
WF2 0XE

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Shareholder Committee**15 June 2022**

Report of the Head of HR and OD

City of York Trading Ltd Update**Purpose of Report**

1. To consider the City of York Trading Ltd performance update June 2022, including the draft final outturn for 2021/22 (subject to audit) and budget 2022/23 provided as confidential **Annex A**.
2. To approve the recommendation in the report of the City of York Trading Ltd Remuneration Committee provided as confidential **Annex B**.
3. The performance update is private due to the commercial sensitivities and the report of the Remuneration Committee is private due to it containing personal details.

Recommendations

4. Note the performance update from City of York Trading Ltd attached at **Annex A** to this report.

Reason: To ensure the Council is updated on the performance and financial circumstances of City of York Trading Ltd.

5. Approve the recommendation from City of York Trading Ltd's Remuneration Committee attached at **Annex B**.

Reason: To ensure the Company appropriately and fairly remunerates its staff.

Background and analysis

6. City of York Trading Ltd (trading as WorkwithYork, WorkwithSchools and WorkwithYorkshire) was formed in 2011 with the intention of supplying temporary staff to City of York Council (CYC), to schools (in and around the York area) and to other outside organisations.
7. Through City of York Trading Ltd, CYC makes a saving compared to the cost of agency staff on the open market.

8. In addition, the payment of an annual dividend from the Company's profits is designed to assist CYC's financial position.

Key Company Matters 2022/23:-

9. The Company's Board of Directors currently comprises :-
 - Karen Bull (Managing Director)
with Non-Executive Directors
 - Cllr Ian Cuthbertson (Chair)
 - Cllr Kallum Taylor
 - Cllr Simon Daubeney
 - Oliver Wright
 - Ann Vickers
10. The Company's Management Accountant prepares financial reports and the Managing Director prepares performance reports on a monthly basis. Company Board meetings are held monthly to coincide with this reporting.
11. The Company's draft financial outturn for 2021/22 is positive with both turnover and profit above budget, however the Company's accounts are currently subject to Audit and so statutory accounts have not yet been prepared. The Company's Board of Directors agreed a budget for 2022/23 on 25 March 2022. Further information is provided to the Shareholder Committee within the performance update June 2022 (confidential **Annex A**).
12. The Company's Remuneration Committee (comprising Non-Executive Directors only), has prepared a report containing recommendations to the Shareholder around pay (provided to the Shareholder Committee as confidential **Annex B**), however this contains information relating to individuals and the financial affairs of particular persons and is not for general circulation.
13. Key Performance Indicators are monitored on weekly and monthly basis.
14. Marketing activities continue, including utilisation of the Company's websites and social media channels.

Procurement

15. The Company's main procurement is of temporary staff to provide to clients including CYC. Owing to the nature of the Company's business, other procurement is very modest by comparison and so the Company has no formal procurement policy – offices and IT systems/equipment are supplied at market rate by CYC, and the majority of general expenditure (mostly stationery, office consumables) is with YPO. Where new services are required, at least 3 quotes are obtained, with local SMEs utilised where feasible.

Sustainability

16. Due to the nature of the Company's business, it runs no fleet of vehicles or large plant or machinery. The Company has just moved into new offices leased from CYC. The building has undergone a programme of repair and refurbishment and all old fluorescent and filament bulb lighting were replaced with environmentally friendly LEDs, which use less energy and last longer. Staff will work on a hybrid basis and many candidate and client meetings will continue to be virtual, reducing travel. The building is close to bus routes and the railway station and staff cycle and walk to work where they can. The Company will again source a Green Energy supplier for this new building in line with its previous arrangements at Kings Court.

Risk Management

17. There are no specific risk issues arising from this report.

Implications

18. There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:			
Karen Bull, MD CYT Ltd karen.bull@york.gov.uk	Debbie Mitchell Chief Finance Officer			
Helen Whiting Head of HR and OD helen.whiting@york.gov.uk	Report Approved	X	Date	7 June 2022
Wards Affected:				All
For further information please contact the author of the report				

Annexes

Annex A – CYT Performance Update June 2022

Annex B – Report of the City of York Trading Ltd Remuneration Committee

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Shareholder Committee Draft Work Plan 2022/23

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Item	Lead officers	Contributing Organisations	Scope
15 June 2022			
Veritau business update	Janie Berry	Veritau	To receive an update on performance of the company
Yorwaste finance update	Patrick Looker	Yorwaste	To receive an update on performance of the company
City of York Trading Ltd update	Helen Whiting	CYT Ltd	To receive an update on performance of the company
YPO finance update	Debbie Mitchell	YPO	To receive an update on performance of the company
31 October 2022			
Yorwaste Update	Patrick Looker	Yorwaste	To receive an update on performance of the company
Make it York Finance Update	Charlie Croft	Make it York	Update on progress against the business plan and identification of issues to feed into the SLA refresh process
City of York Trading Update	Helen Whiting	CYT Ltd	To receive an update on performance of the company
Veritau Ltd Business Update	Janie Berry	Veritau	To receive an update on performance of the company
YPO and YPO Procurement Holdings Ltd Finance Update	Debbie Mitchell	YPO	To receive an update on performance of the company

13 March 2023			
Veritau business plan	Janie Berry	Veritau	To receive an update on performance of the company
Make it York business plan	Charlie Croft	Make it York	Approval of the annual business plan (in light of agreed SLA priorities)
Yorwaste Update	Patrick Looker	Yorwaste	To receive an update on performance of the company
City of York Trading Ltd business plan	Helen Whiting	CYT Ltd	To receive an update on performance of the company
YPO business plan	Debbie Mitchell	YPO	To receive an update on performance of the company