

### Make It York Governance Arrangements

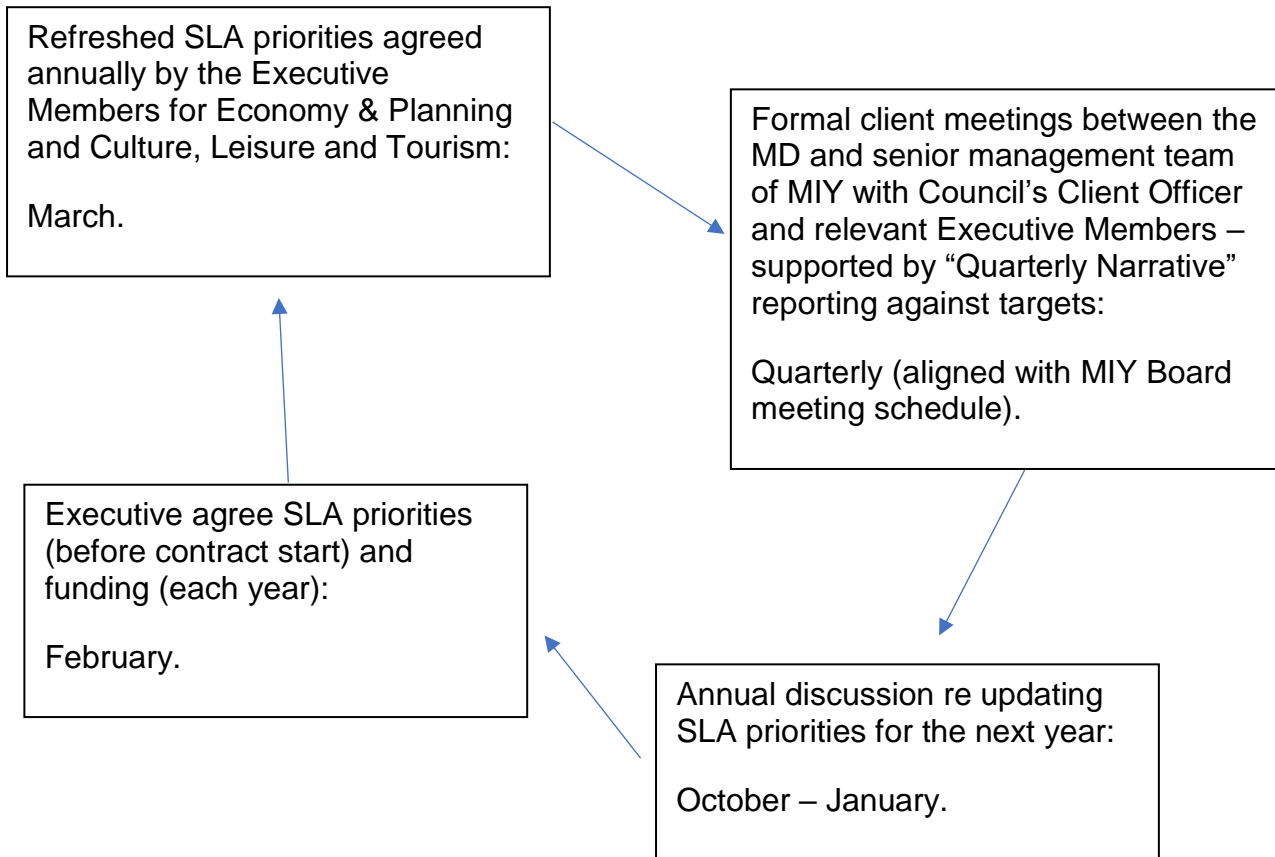
#### Background

1. MIY is a company limited by shares with the council as sole shareholder. The articles of association reserve important decisions to the council, such as the appointment and dismissal of directors or undertaking borrowing.
2. The company is Teckal compliant, meeting the two Teckal tests relating to i) the degree of control which the council can exercise over the company, i.e. it is controlled at a similar level to the council's directly provided services, and ii) the proportion of work undertaken by the company, i.e. that a minimum of 80% of the work it undertakes is provided on behalf of the council.
3. The governance structure provides for a board of directors and a Shareholder Committee. The directors are appointed by the council (the decision to appoint being within the remit of Council or Staffing Matters and Urgency Committee). The articles provide for two or more "Council Directors" (one of whom is designated as the primary person to have the power to exercise the casting vote) and a maximum of ten are "Non-Council Directors". The board meets 4 times a year.
4. The two Council Directors are currently Cllr. D. Craghill and Cllr. D. Smalley. The Non-Council Directors are the Chair (Greg Dyke), the Managing Director (Sean Bullick), and seven individuals that operate in different key sectors in the city: Joan Concannon, Mark Fordyce, David Horne, Chris Bailey, and three vacancies. (James Farrar of the LEP and Lyndsey Turner-Swift of Visit England also attend the board as advisors).

#### The Contract

5. A contract between the council and MIY sets out the specification, expected service standards and broad outcomes as well as the funding arrangements. Schedule 1 of this contract (often referred to informally as the SLA) is reviewed each year and sets out agreed priorities for the following year. MIY is expected to develop an annual business plan that demonstrates how it will carry out the requirements of the SLA.

6. The contract is the principal mechanism for ensuring accountability. Reporting and review takes place through the council's executive function and is facilitated by the client function. The review process works as follows:



### **The client meetings**

7. A more structured approach is proposed to formalise client meetings in future. They will have an agenda circulated in advance, together with the *Quarterly Narrative*, produced by MIY and will be minuted by the Council. Minutes will be circulated for information to the board members and, by the council, to members of the Shareholder Committee.
8. The *Quarterly Narrative* will focus on the key deliverables and performance measures to be set out in the new SLA. The council will ensure that relevant outputs / performance indicators are then published in public reports, for example through the quarterly economic update report to the Executive Member for Economy and Strategic Planning.
9. The new contract will make a link between the council's quarterly payments and progress against the performance measures.

### **Additional communication routes proposed**

10. In addition to the formal client meetings there will be informal client meetings in the intervening months between the client officer, Head of Economic Growth and the MD of MIY, with relevant Executive Members invited.
11. It is proposed that the senior management from MIY attend CMT on a regular basis.
12. There will be regular informal briefings / meetings between the Executive Members for Economy & Planning and Culture, Leisure & Communities and relevant MIY officers.
13. There will be constant ad-hoc information / intelligence sharing between CYC and MIY to aid the respective parties in carrying out their functions.
14. Quarterly meetings will take place between MIY Chair and Leader of CYC.

### **Shareholder Committee**

15. The Shareholder Committee represents the council's interest as sole shareholder of MIY. It is primarily concerned with the commercial viability and performance of the company. The role of the Shareholder Committee, which acts for all the council's companies, is to:
  - Act as owners of the company
  - Sign off the business plan
  - Monitor performance and financial delivery against the business plan
  - Exercise decision-making over reserved matters
  - Determine the remuneration of directors and any senior managers as identified in the specific scheme of delegation and agree any performance related bonus payments to staff
  - Make recommendations to Executive for any investment in/asset transfers to or lending to companies
  - Delegate specific functions to officers of the council to increase commercial flexibility
16. MIY reports to the Shareholder Committee twice a year as follows:

Approval of the annual business plan (in light of agreed SLA priorities):  
March.



Update on progress against the business plan and identification of issues to feed into SLA refresh process:  
November.

17. This practice will be instituted on a consistent basis and ensure that the contribution of the Shareholder Committee is reflected in the developing SLA.

### **Scrutiny**

18. MIY operates in the business areas covered by the remits of two council scrutiny committees: Economy & Place (for economic development, tourism and city centre management) and Children, Education & Communities (for culture). These scrutiny committees are responsible for examining long-term policy development, strategic objectives, horizon scanning to identify best practice and examining performance, operational outcomes and customer expectations across their respective areas.
19. MIY does not routinely report to the scrutiny function; however, the committees may, from time to time, ask MIY to contribute to specific scrutiny reviews and/or to respond to questions about particular areas of activity. Scrutiny may also feed views into the annual review of SLA priorities. MIY is expected to assist scrutiny as best as it can within available resources.

### **The MIY Board**

20. All board members are appointed by the Council following consultation, including with MIY. The Council appoints two CYC board members who may be either members or officers.

21. All board members must work to promote the best interests of the company, evaluating those interests with regard to MIY's various stakeholders. The Board comprises directors with key experience and insight, guiding the company in a collaborative spirit with MIY, the council and key city stakeholders.
22. The Board will review how they receive feedback from the council with respect to their performance against the contract. It is proposed that the client feedback on the performance against the contract is formalised through a quarterly client report to the Board.
23. As MIY is a Teckal company, it is proposed that to avoid potential conflicts of interest with the council's Executive function the council's board members will no longer be drawn from Executive members who serve as members of the Shareholder Committee or who are the Executive Members responsible for the client function (currently Culture, Leisure & Communities and Economy & Strategic Planning).
24. The CYC board members have officer support at the meetings from the client officer (who attends in an observer capacity).
25. As part of the recruitment to the vacancies, MIY will undertake skills mapping to ensure that there is an appropriate mix of skills on the board: finance, marketing, events, legal, etc. as well as good sectoral representation. An understanding of the operation of a Teckal company and the inter relationship with council finance is important alongside a more traditional commercial skill set.
26. Following the start of the new contract, the refreshed governance arrangements will remain under regular review. The Board of MIY will report back to the council in six and twelve months' time on performance of the company and its senior management.

### **Scheme of delegation**

27. A scheme of delegation will make clear which decisions are taken at board level and which are delegated to the MD / other staff levels.

### **Public Accountability**

28. There are many areas that MIY deals with that are matters of legitimate public interest. It will sometimes be the case that a MIY project, plan or initiative needs a decision to be taken in public through the democratic process in order to facilitate appropriate public input and public accountability. In such cases, the council will

facilitate consideration of the matter through the Executive decision making process. Relevant reports will frame significant issues at the outset, setting out any consultation proposed together with the decision-making process and endorsing the ultimate decision.

29. It is difficult to be prescriptive about what these occasions will be; however, an example of where this approach has worked well can be seen in the development of the cultural strategy where the council formally commenced the strategy-making process via a report to the Executive, endorsed key principles at the mid-point, and finally will adopt the strategy (in February) following its recent city-wide launch. MIY has led all stages of the process in the meanwhile and the Cultural Strategy was successfully launched. The annual business plan will identify which areas of work will require this level of decision-making and any subsequent adjustments to that plan will be agreed through the regular client meetings.