

Meeting	Shareholder Committee
Date	19 June 2023
Present	Councillors Lomas (Chair) and Douglas
In Attendance	Cllr Ayre, Leader of the Lib Dem Group Patrick Looker, Head of Service, Finance (City of York Council (CYC)) Dan Moynihan, Senior Solicitor, Contract and Commercial (CYC) Sarah Loftus, Managing Director (Make It York) Andy Laslett, Strategic Services Manager (CYC) Sandy Boyle, Managing Director (Yorwaste) Richard Smith, Deputy Chief Executive (Veritau Limited) Karen Bull, Managing Director (City of York Trading Ltd) Helen Whiting, Head of Human Resources & Organisational Development (CYC) Cllr Cuthbertson (Non-executive director, City of York Trading Ltd)

1. Declarations of Interest (4:31 pm)

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

No interests were declared but it was noted that Cllr Ayre's resignation as a Make It York Board Director was in the process of being acknowledged by Companies House.

2. Minutes (4:32 pm)

Resolved: That the minutes of the last meeting held on 13 March 2023 be approved and then signed by the Chair as a correct record.

3. Exclusion of Press and Public (4:32 pm)

Resolved: That the press and public be excluded from the meeting during any discussion arising on the following documents, 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 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, Make It York - Pay Remuneration
 - Annex 1 – Pay Award Proposal 2022/23 and 2023/24
- (ii) Agenda Item 8, City of York Trading Ltd Update
 - Annex A – CYT Performance Update June 2023

4. Public Participation (4:33 pm)

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

5. Make It York - Pay Remuneration (4:33 pm)

Members considered a report that sought approval in relation to the Managing Director and senior staff pay remuneration proposal.

The Managing Director provided an overview and explained:

- The pay award proposal was to make a 5% back dated pay award for 2022/2023 and a 5% pay award for 2023/2024 for all employees including the Managing Director and senior staff who were paid at a rate more than £50,000 per annum.
- Inflation (up to March 2023) had been 10.7% and no pay award had been made since 2019,

- except a one off £1,000 cost of living payment during 2022/23; and
- The difficulties in recruiting to roles.

Members noted that the Make It York (MIY) board had approved the pay award proposal for 2022/23 and 2023/24, at Annex 1 to the report, on 25 April 2023, however, under the Articles of Association, the Shareholder Committee were required to give approval for senior staff paid in excess of £50,000 per annum or increasing the remuneration of any such person in excess of £2,000 per annum.

In terms of affordability, and in answer to questions raised, it was noted that the:

- Council's contract manager and finance manager received regular financial updates and understand from MIY financial performance reports in 2022/23, the pay award was affordable at the proposed level.
- MIY budget forecast for 2023/24 had been set by the MIY board and the proposed pay award was affordable and allocated in the budget.

Following discussion it was

Resolved: That the MIY Board document titled Pay Award Proposal for 2022/23 and 2023/24, at Annex 1 (confidential) to the report, be approved.

Reason: To ensure the council was fulfilling its contractual role in relation to Schedule 2 of the Articles of Association.

6. Yorwaste Ltd Finance Update (4:42 pm)

Members considered a report from Yorwaste that provided a trading update for the 2022/23 financial year as well preliminary indications of trading for the financial year 2023/24.

The Managing Director of Yorwaste presented his report, noting that:

- Auditors were considering the aftercare liabilities relating to the closed landfill sites.
- The Company expected to report performance above its target profit for the year, although this was below the

previous year due to the absorption of past years inflationary pressures, which were mostly fuel related.

- The Harewood Materials Recycling Facility fire was largely restricted to the picking line, and damage to the wider building was limited. A temporary facility was in operation within two weeks and in under ten weeks the main Harewood facility was up and running with improved quality rates. Throughout the whole process there was no significant interruption to service provision for City of York Council.
- The Company generated a robust cash flow in the year and had paid-down the business development shareholder loan that had a repayment schedule. The Company still had one outstanding loan with City of York Council, with no repayment schedule, but the expectation was to reduce that debt, whilst taking into account future cash flow requirements.
- The required target tonnage had been delivered despite the authorities own tonnages being down 5% year on year.
- The planning process for the large scale solar farm at Harewood closed landfill site was progressing but connecting to the National Grid was still an ongoing challenge. The Company were exploring small and mid-scale solar with an aim to meet its own annual electrical consumption from renewables by 2030.

The Managing Director was thanked for his update and, following further discussions regarding the existing business development loan and connecting to the National Grid, it was

Resolved: That the report from Yorwaste Ltd, attached at Annex 1 of the report, be noted.

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

7. Veritau Limited Business Update (5:05 pm)

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

The Deputy Chief Executive of Veritau provided an overview, noting that:

- The transfer of a number of staff into Veritau, and the transfer of shares from Veritau North Yorkshire into Veritau Limited, due to the local government reorganisation in North Yorkshire, had been completed.
- The Group had gained a number of new contracts and clients.
- The 2022/23 accounts were currently being audited and a provisional expected profit of £25,000 was expected, which was slightly lower than the projected budget.
- The response rates for the client satisfaction survey was low but overall the client retention rate remained strong.

The Deputy Chief Executive was thanked for his update and in answer to questions raised he explained that the rising costs and inflationary pressures in 2022/23 were due to higher than expected pay increases to staff. He confirmed that this challenge would be managed in 2023/24 due to the pay awards already being accepted and made.

Resolved: That the Group's performance since the last business update report, be noted.

Reason: To ensure that the council was updated on the performance of Veritau Limited.

8. City of York Trading Ltd Update (5:11 pm)

Members considered a report and update from the Managing Director that provided a more detailed analysis of City of York Trading Ltd.'s financial review for 2022/23, budget for 2023/24, the risks, and an operational update regarding WorkwithYork, WorkwithSchools and WorkwithYorkshire.

The report also asked, under the terms of the City of York Trading Shareholder Agreement, to recommend to the Board of Directors of City of York Trading Ltd which Council Non-Executive Director should be appointed as Chair of the Board of Directors of the Company.

The Managing Director answered questions raised, and was thanked for her update.

Resolved:

- (i) That the confidential performance update, from City of York's Trading Ltd, attached at Annex A to the report, be noted.
- (ii) That the nominated Council Non-Executive Director, to be appointed as Chair of the Board of Directors of the Company, be considered by Committee Members and be confirmed to the Managing Director of City of York Trading Ltd.

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

9. Work Plan (5:10 pm)

Members considered the Committee's work plan.

Resolved: That the work plan be noted.

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

Cllr Lomas, Chair

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