

Shareholder Committee

20 March 2017

Report of the Director Customer and Corporate Services
(Portfolio of the Executive Member for Finance & Performance)

Council Owned Companies

Summary

1. This report advises Members of the role of the Shareholder Committee and provides background on the Council companies.

Recommendations

2. Members are asked to:
 - a) Note the report
 - b) Agree to the proposal that the Shareholder Committee meet to consider each company at least twice a year.

Reason: To ensure proper governance of Council companies

Background

3. In 2016 the Executive approved new governance arrangements for Council companies at its meeting. These involved establishing the Shareholder Committee. The Committee has been granted powers within its terms of reference to exercise all of the Council's powers arising from its ownership role other than those specifically reserved to the Executive. Importantly this includes monitoring each company's performance and financial delivery against strategic business plans and making decisions on those reserved matters which, within each company's governance documents, require shareholder approval. This role is distinct from that of the company directors which is to manage the operation of each company.
4. It is suggested that the Shareholder Committee should aim to meet to consider each company at least twice a year. One meeting to be held before the start of the financial year should focus on the company's plans for the forthcoming year and the second, in the autumn, should consider

the company's delivery of its plans. Ad hoc meetings may also be required to consider any requests for approvals on reserved matters.

Procedures

5. The Committee is a committee of the Executive and the same rules of procedure apply to its meetings as apply to the Executive. Accordingly the only voting Members are the Members of the Executive with the non-Executive Members otherwise having full rights to participate in the meeting.
6. At this meeting the Committee is receiving reports in respect of two companies. The main item of business is to consider the annual business plan for each company for the forthcoming year.

Yorwaste

7. Yorwaste was established by North Yorkshire County Council as a waste disposal company at a time when legislation required Councils to manage such arrangements through company structures. On Local Government Reorganisation the City Council acquired a minority share in the company.
8. The company has recently reorganised its business in such a way that it carries out the majority of its tasks for the two Councils. This means it is a Teckal company and therefore each Council can award the company work without going through EU procurement procedures.
9. A shareholder's agreement sets out that the Company Board must seek approval from their Council owners to the annual business plan. A further range of matters require approval to the extent that they are not provided for in the plan.

City of York Trading Limited

10. City Of York Trading Limited was established by the City of York Council primarily as a company to provide for the temporary staffing needs of the Council and local schools. CYT was established in a way which would allow other services to trade through it. The Council cannot trade for profit with organisations other than public bodies unless it does so through a company. Some ICT services have been provided externally through CYT.
11. The company currently carries out the majority of its tasks for the Councils. It is a Teckal company and therefore the Council can award

the company work without going through EU procurement procedures. The company has a long term contract with the Council for the supply of temporary staff.

12. A shareholder's agreement sets out matters which require the approval of the Council. This includes making significant changes to the business plan. The Committee is therefore being asked to consider a new draft business plan prior to its approval by the Company's Board.

Specialist Implications

13. Legal – these are contained within the body of the report

There are no specific other implications associated with the report which should be specifically reported.

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**Report
Approved**

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Wards Affected: List wards or tick box to indicate all

All

For further information please contact the authors of the report

Background Papers:

None