

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

**To:** Councillors Gillies and Ayre

**Date:** Monday, 20 March 2017

**Time:** 5.00 pm

**Venue:** The King Richard III Room (GO49) - West Offices

**AGENDA**

**1. Chair**

To appoint a Member to Chair the Shareholder Committee.

**2. Declarations of Interest**

At this point in the meeting Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

**3. Exclusion of Press and Public**

To consider excluding the press and public from the meeting during consideration of agenda items 7 & 8 on the grounds that they contain information relating to the financial or business affairs of any particular person (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. The deadline for registering is **5.00pm on Friday 17 March 2017**. Members of the public can speak on agenda items or matters within the remit of the committee. To register to speak please contact the Democracy Officer for the meeting, on the details at the foot of the agenda.

### **Filming, Recording or Webcasting Meetings.**

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact Democracy Officer (contact details are at the foot of this agenda) in advance of the meeting.

The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at [http://www.york.gov.uk/download/downloads/id/11406/protocol\\_f\\_or\\_webcasting\\_filming\\_and\\_recording\\_of\\_council\\_meetings\\_20160809.pdf](http://www.york.gov.uk/download/downloads/id/11406/protocol_f_or_webcasting_filming_and_recording_of_council_meetings_20160809.pdf)

- 5. Council Owned Companies** (Pages 1 - 4)  
This report advises Members of the role of the Shareholder Committee and provides background on the Council companies.
- 6. Science City York** (Pages 5 - 10)  
This report proposes that the Council withdraw from its membership of Science City York in order that ownership of the company can be passed to Make it York.
- 7. City of York Trading Ltd** (Pages 11 - 54)  
The Managing Director and Operations Manager will present to the committee a business update for City of York Trading Ltd, including performance information for 2016/17 to date.
- 8. Yorwaste** (Pages 55 - 122)  
The Managing Director will present to the committee a business update for Yorwaste & SJB Recycling, including key business developments and trading performance to the end of 2016/17 Q3.
- 9. Urgent Business**  
Any other business which the Chair considers urgent under the Local Government Act 1972.

Laura Clark  
Democracy Officer

Contact details:

- Telephone – (01904) 554538
- Email – Laura.Clark@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 własnym języku. (Polish)**

**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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**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.

### **Contact Details**

**Author:**

Andy Docherty  
Assistant Director – Legal  
& Governance  
Tel: (01904) 551004

**Chief Officer Responsible for the report:**

Ian Floyd  
Director Customer & Corporate Services

**Report  
Approved**

**Date** 10 March 2017

**Wards Affected:** List wards or tick box to indicate all

**All**

**For further information please contact the authors of the report**

**Background Papers:**

None

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**Shareholder Committee**

20 March 2017

Report of the Assistant Director - Communities and Equalities

**Science City York****Summary**

1. This report proposes that the Council withdraw from its membership of Science City York in order that ownership of the company can be passed to Make it York.

**Recommendations**

2. The Shareholder Committee is asked to agree to the Council withdrawing from membership of Science City York subject to Make it York having been admitted to membership.

Reason: to facilitate ownership of Science City York passing to Make it York.

**Background**

3. Science City York Ltd (SCY) is a company limited by guarantee, set up when the Science City service became independent of City of York Council. Initially jointly owned by City of York Council and the University of York, the objectives of the company were to support the growth of science & technology related industries. The majority of its funding came from Yorkshire Forward and the EU funding (later transferred to DCLG). Additional funding came from the shareholders and also from what is now York St John University.
4. Following the demise of Yorkshire Forward it was agreed, in July 2014, that the universities would withdraw from the company and take their agreed share of the company reserves, leaving City of York Council as the sole shareholder.
5. In 2015 City of York Council set up a trading company, Make It York Limited (MIY), which commenced trading on 2 April 2015. As part of the transfer of services to MIY, the Council agreed to transfer the Science City brand, assets (principally £228,842 in

cash) and subsidiary trading company (SCY Enterprise Ltd) to MIY for £1. The services of Science City York are now provided by Make it York.

6. At the time of the transfer two contracts had not been signed off by DCLG. Reflecting this position some cash assets were retained by CYC rather than being transferred. Since then, SCY has ceased trading, received audit clearance from DCLG, closed down a number of operational bank accounts and transferred all expenditure to MIY. The only company assets remaining are a bank account containing £44k and a small amount of Petty Cash. It would now be appropriate to finalise the position on SCY's assets.
7. It should be noted that any decisions with regard to SCY's remaining assets are for the directors of the company to take in line with the company's memorandum of association (there are currently two external directors). The proposals contained in this paper are designed to assist the directors in achieving a sensible way forward.

### **Way Forward**

8. SCY's Memorandum of Association sets out what happens if the company is wound up:

Paragraph 7 of the Memorandum & Articles of SCY states:

*If the company is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property, it shall not be paid to or distributed among the members of the company, but shall be given or transferred to some other organisation having objects similar to the objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Company by Clause 4 above, chosen (in their absolute discretion) by the directors of the company at or before the time of dissolution and if that cannot be done then to some organisation having charitable objects which the directors (in their absolute discretion) shall approve.*

Paragraph 4 states:

*The income and property of the Company shall be applied solely towards the promotion of its objects...*

Paragraph 3 lists the company objects:

- (a) *to promote the creation and growth of business and employment opportunities in technology and creative business sectors, working with other organisations as necessary;*
- (b) *to deliver business support to technology and creative based businesses including start-ups, early stage ventures, or established enterprises;*
- (c) *to support specialist business networks to promote a supportive business environment for technology and creative enterprises;*
- (d) *to support and deliver activities to ensure that the knowledge and skills of the workforce match employment opportunities and employment needs*

### **Options**

9. The options open to the Council are as follows:
- a) Transfer the remaining cash and wind-up the company
  - b) Transfer the cash, but retain the company for future council use
  - c) Transfer the company with the cash to another organisation

### **Analysis**

10. a) Transfer the remaining cash and wind-up the company

#### Advantages:

The company can be wound up by writing to Companies House stating that the company has stopped trading and has gone into liquidation. This will bring an end to the need to produce final accounts, hold board meetings, file an Annual Return and complete HMRC returns.

The cash can be transferred to a similar organisation.

#### Disadvantages:

It would remove a company that could be useful in the future. There is a cost to setting up new companies. This company could be re-purposed in the future by changing the Memorandum & Articles, appointing new directors. It also has a bank account ready to use.

11. b) Transfer the cash, but retain the company for future use

#### Advantages:

The company would be retained for potential future use.

Disadvantages:

There would be a cost to the Council of retaining the company, even if it is dormant.

12. c) Transfer the company with the cash to another organisation

Advantages:

The company can be transferred to another organisation which has similar objectives and which will take on the administration of the company and also the bank account. This will also transfer the responsibility to comply with the company's Memorandum & Articles. This is the simplest solution.

Disadvantages:

None.

13. Option c) is therefore recommended with the recipient organisation being Make it York. Make it York is wholly owned by the Council and is already carrying out SCY's functions.

**Next Steps**

14. To enact this decision Make It York will submit an application to the directors of Science City to admit Make It York as a member of the company. The directors of Science City will consider the application at a board meeting. Following approval of Make it York's request by the board of directors, the Assistant Director of Legal and Governance or his authorised signatory will sign a resolution on behalf of the Council, as the current sole member of Science City York, to admit Make it York as sole member in the Council's place. This written resolution will have the same force as if it had been passed at a general meeting.

**Council Plan**

15. This initiative furthers the Council Plan priority of "A prosperous city for all", including a city where:
- Local businesses can thrive
  - Residents have the opportunity to get good quality and well paid jobs

**Implications**

16. **Financial:** The remaining SCY assets amount to £44k.
17. There are no other implications.

## Risk Management

18. In compliance with the Council's risk management strategy the main risks that have been identified associated with the proposals contained in this report are those which could lead to the inability to meet business objectives and to deliver services, leading to damage to the Council's reputation and failure to meet stakeholders' expectations. The level of risk is assessed as "Low". This is acceptable but means that regular monitoring is required of the operation of the new arrangements.

## Contact Details

<b>Author:</b>		<b>Chief Officer responsible:</b>		
Charlie Croft Assistant Director (Communities and Equalities) Tel: (01904) 553371		Charlie Croft Assistant Director (Communities and Equalities)		
		<b>Report Approved</b>	✓	<b>Date</b> 6 March 2017
<b>Specialist Implications Officers:</b>				
Patrick Looker Finance Manager		Glen McCusker Deputy Head of Legal Services		
<b>Wards Affected:</b>				<b>All</b> ✓
<b>For further information please contact the author of the report</b>				

## Abbreviations

SCY – Science City York Ltd

DCLG – Department for Communities and Local Government

MIY – Make it York Ltd

HMRC – Her Majesty's Revenue & Customs

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**CYC SHAREHOLDER SCRUTINY COMMITTEE**  
**City of York Trading Ltd Business Update**

**Content**

The Managing Director, Bill Colman and Operations Manager, Karen Bull, intend to present to the committee a business update for City of York Trading Ltd, including performance information for 2016/17 to date.

**Business Reporting Cycle**

The City of York Trading Ltd business cycle has the following key elements:-

1. Annual Budget – approved by the City of York Trading Ltd Board of Directors on 14<sup>th</sup> March 2017 and then forwarded to the Shareholders for approval.
2. 3 Year Business Plan Update – to be presented to the City of York Trading Ltd Board of Directors on 26<sup>th</sup> April 2017 and to the Shareholders for approval in October 2017.
3. Annual external accounts audit – signed audited accounts approved by City of York Trading Ltd Board of Directors on 31<sup>st</sup> May 2017.

It is anticipated that in future the Annual Budget will be presented to the CYC Shareholder Committee each March and the Business Plan Update will be presented each October.

**Business Plan – Executive Summary**

City of York Trading Ltd (trading principally as WorkwithYork and WorkwithSchools) was formed in 2011 with the intention of supplying temporary staff to CYC, to schools (in and around the York area) and to other outside organisations.

Through City of York Trading Ltd, the reductions in cost to CYC and the return of the profit achieved are designed to assist CYC with tight financial constraints. If CYC had to source staff in the open market, the cost would be substantially higher for both for temporary staff and permanent staff appointments.

CYC receive an annual dividend payment based on the annual profits of City of York Trading Ltd and this will increase as the Company is able to build on its success to date and to grow further.

### **Key Company Matters 2016/17:-**

- There have been three recent new appointments to the Company Board of Directors. On 7<sup>th</sup> November 2016, Bill Colman was appointed as Managing Director. On 22<sup>nd</sup> February 2017, Phill McTaggart and James Grever as Non Executive Directors.
- From December 2016, the Company has moved from a cycle of quarterly reporting, to reporting on a monthly basis, and Board Meetings are held monthly to coincide with this.
- Overall the performance of the Company financial year-to-date has been strong, and both revenue and net profit are ahead of budget. The detailed annual performance review report contains commercially sensitive information and is not for general circulation.
- Key Performance Indicators are being monitored on weekly and monthly basis.
- Marketing activity has increased along with use of Social Media.
- In addition to the CYC and Schools business, the Company is expanding into commercial recruitment and this is planned to increase further in 2017/18. The outline of the draft 2017/18 business plan will be given by presentation – this contains commercially sensitive information and is not for general circulation.

### **Shareholder Approvals**

Shareholder approval is being sought for the following:-

- Approval of Annual Budget

### **Appendices (all commercially confidential)**

1. Proposed Annual Budget of City of York Trading Ltd for 2017/18
2. Performance Report 2016/17
3. Presentation - outline of the draft 2017/18 business plan



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of the Local Government Act 1972.

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## CYC SHAREHOLDER SCRUTINY COMMITTEE

### Yorwaste Ltd & SJB Recycling Ltd Business Update

#### **Content**

The Managing Director, Stephen Barker, intends to present to the committee, a business update for Yorwaste & SJB Recycling, including key business developments and trading performance to the end of 2016/17 Q3.

#### **Business Reporting Cycle.**

The Yorwaste group business cycle has the following key elements:

1. 3 year business plan update - approved by the Yorwaste/SJB Board of Directors in September and then forwarded to the Shareholders for approval.
2. Annual budget – approved by the Yorwaste/SJB Board of Directors in February and then forwarded to the Shareholders for approval.
3. Annual external accounts audit – Signed Audited Accounts approved by the Yorwaste/SJB Board of Directors in June

It is anticipated that in future the business plan update will be presented to the CYC shareholder scrutiny committee each October and the annual budget presented each March.

#### **Business Plan – Executive Summary**

The Yorwaste group comprising Yorwaste Ltd and SJB Recycling Ltd is, in effect, a compilation of small waste businesses that whilst operating together offer synergies from a cost perspective, are influenced by different commercial markets and external factors. The group has a strong market position in Yorkshire, its core operating area, that it must capitalise on, in order to deliver full value to its shareholders.

Yorwaste operates as a Teckal compliant business which allows its shareholders to directly award waste management contracts in the areas the business provides services; landfill, trade collection, waste transfer, HWRC operation, green and wood etc.

SJB Recycling is the UK's largest independent, specialist, green waste composting business and is the regions leading operator. Expansion of its customer base and value creation from its products, under the newly created Yorganics™ brand, is the business's key short-term development opportunity.

Over the next 3 years the key areas of focus for the group's management team will be:

1. To deliver strong and consistent levels of financial return to its shareholders by maximising the opportunities of the Teckal and commercial growth.
2. Ensuring high standards of health and safety and environmental compliance.
3. Providing high quality, cost effective services, to all its customers.
4. Maximising the opportunity and value of Allerton Waste Recovery Park (AWRP) for the shareholders and the provision of all necessary infrastructure to feed AWRP.
5. Supporting and advising the shareholders with regards their statutory duties relating to the provision of waste services. Actively managing the risks relating to the shareholders statutory obligations.
6. Focusing on developing maximum value from shareholder waste streams unsuitable for AWRP.

7. Continued expansion of the relationship between the Company and its shareholders at all levels to maximise the synergy opportunities from being a Teckal.
8. Identifying commercial growth opportunities that will dilute the Group's overhead costs across a wider commercial offering.
9. Developing a performance orientated culture across the Group.

## **Shareholder Approvals**

Shareholder approval is being sought for the following:

1. Approval of the 3 year business plan
2. Approval of the budgets for both Yorwaste and SJB Recycling
3. Approval of the business development proposals contained in the business plan as well as the shareholder funding necessary to support the plan.

Important Note: the content of the business plan and budgets contains commercially sensitive information and is not for general circulation.

## **Appendices (all commercially confidential)**

1. 3 year business plan
2. Business development & funding paper
3. Yorwaste Ltd budget summary 2017-18
4. SJB Recycling Ltd budget summary 2017-18



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