
Meeting	City of York Trading Shareholder Group
Date	30 September 2015
Present	Councillors Boyce, Cuthbertson and Gates
In attendance	Councillor Rawlings, Ian Floyd, Karen Bull, Carolyn Clarke
Apologies	Andy Docherty, Pauline Stuchfield

1. Declarations of Interest

At this point in the meeting Members were asked to declare any personal, prejudicial or disclosable pecuniary interests that they might have had in the business on the agenda.

No interests were declared.

2. Election of Chair

Cllr Cuthbertson was nominated by Cllr Gates and there were no other nominations.

Resolved: That Cllr Cuthbertson be elected Chair of the Group.

3. Minutes

Ian Floyd reported on the appointment of external Directors. From an early stage, it had been intended to recruit two external Directors but only one of the two candidates first put forward had been able to take up the appointment. Hence it was agreed at the last meeting that this first candidate for external Director be appointed. A candidate for the second external Director position had not yet been identified.

Resolved: That the minutes of the last meeting of the CYT Shareholder Group held on 11 January 2015 be signed and approved as a correct record.

4. Public Participation

As the meeting had not been arranged as a public meeting, there had been no registrations to speak under the Council's Public Participation Scheme.

5. Resignation of Directors

Ian Floyd advised that Andy Docherty and Pauline Stuchfield had both resigned from the Board of CYT Ltd and would not therefore be attending this meeting.

6. City of York Trading Ltd - Background and Update

Ian Floyd and Karen Bull gave a presentation describing the background to CYT from its formation in 2011 and the progress of its development to date.

Key points were that the company has grown successfully not simply by supplying temporary staff to CoYC, but to schools (within and outside the York area) and to outside organisations. While a proportion of the profit comes from non-CoYC activity, the reductions in cost to CoYC and the return of the profit to the Council achieved through CYT are helping it navigate the difficult waters caused by tight financial constraints. It was stressed that CYT is not a *sole supplier* to CoYC although it retains preferred supplier status.

Throughout the life of CYT, improvements to the administration have continued; a new website was launched over the summer and a new payroll system is due to start running from October.

Carolyn Clarke added some details of developments in CYT's marketing activity. There is an aim to generate more awareness of Work With York and it has been featured in the new website. An online marketing campaign has been running with The Press and better ways of using social media are being planned.

Staff had been provided for several new summer events and venues.

7. Governance of CYT

7.1 CoYC staff member resignations from CYT Board

Members noted the resignations of members of CoYC staff that had already been advised. It was also noted that the arrangements for involving CoYC staff in the Board of CYT had been the subject of comment and personal criticism on social media.

The Chair asked Ian Floyd to pass on to both Pauline Stuchfield and Andy Docherty the gratitude of the Group for the work that they had done in setting up the Company and in developing its operations to its current stage.

Ian Floyd stated that he wished to relinquish the post of Managing Director; however, in view of the need for the role, he was prepared to continue on an unpaid basis with a view to being released from it in the near future.

Resolved: That the Group:

Note the resignations of Pauline Stuchfield and Andy Docherty and thank them for their hard work in setting up the Company and developing its operations to the current stage;

Refer the comments and personal criticism on social media to the Chief Executive for consideration of any further action thought appropriate;

Supports the acceptance, with thanks, of Ian Floyd's offer to continue without remuneration from CYT until a replacement Managing Director is appointed in the near future.

Ian Floyd and Karen Bull left the room.

7.2 CYT Board Structure

Cllr Rawlings commented further on the growing success of the Company since its formation. He observed that, without it, COYC would have been paying more both for temporary staff contracts and permanent staff appointments; profits made by

CYT are also being coming back into public funds. The company has the ability to build on its success to date and to grow further.

He then reported that, with officers, he had led a mini-review of CYT governance over recent weeks. As a result, a number of matters are proposed for the consideration of the Group.

Cllr Rawlings proposed that governance of CYT should be altered to reflect the change in circumstances since its formation and to ensure that there is transparency in the operation of both the Board and the Shareholder Group. From the formation of the new administration in May until this point, he has been the only elected Member on the Board, other members being Ian Floyd (Managing Director), Pauline Stuchfield (Executive Director), Paul Gibson (non-Executive Director), Andy Docherty and Tracey Carter (both CoYC officers acting as non-Executive Directors). The proposed new composition is two elected Members (i.e. cross-party representation), two external non-Executive Directors and one officer non-Executive Director; a full-time Managing Director would also be employed to drive the company forward. The employment of a full-time Managing Director was expected to result in a short-term drop in profitability but should result in long-term gain for the Company. If the proposal is accepted, it should be operational by April 2016 – Ian Floyd has agreed to stay as Managing Director until then and to provide a handover at that point.

The proposals mean that no payment will be made by CYT in future to Board members other than to the full-time Managing Director and any agreed nominal amount paid to external Directors. The two elected Members would be appointed on the basis of proportionality; they would currently comprise one Member each from the Labour and Conservative groups.

The question of whether CYT required an Audit Committee comprising Board members was raised; this matter was deferred for discussion at agenda item 8.

After discussion and debate, members of the Group agreed that the proposals put forward by Cllr Rawlings should be accepted.

Resolved: That the Group support the changes to the CYT Board structure as outlined by Cllr Rawlings.

7.3 Transparency - CYT Board and Shareholder Group

Being a private limited company, there is no requirement for minutes of CYT Board meetings to be published, but it is proposed that they will be made public as a matter of transparency.

There is no proposal to change the composition of the CYT Shareholder Group. As a committee or working group of the Council, it is proposed that CYT Shareholder Group meetings are held in public; COYC's public participation scheme will operate and minutes will also be made public. The Council's rules for reporting and discussion of confidential and exempt business will operate (e.g. reports and/or discussions relating to performance analysis, competitive situation analysis, commercially sensitive information and confidential or contractual information etc).

Members discussed the transparency proposals presented by Cllr Rawlings and agreed that the proposals put forward should be accepted.

Resolved: That the Group support the changes to transparency for both the CYT Board and the CYT Shareholder Group as proposed by Cllr Rawlings.

8. Creation of Audit Committee

The Group discussed the question of the creation of an Audit Committee raised by Cllr Rawlings. Members accepted that, while there is a need for an internal audit function, advice is needed as to whether the function can be provided by this Group or whether a separate Audit Committee is required.

Resolved: That the question of the provision of an internal audit function and any requirement for an Audit Committee be referred to Legal Services before reconsideration by this Group.

9. Changes to current remuneration of Executive Directors

The Group discussed and agreed proposals for the current remuneration of Executive Directors presented by Cllr Rawlings at 7.2 above.

Resolved: That the Group:

Support the cessation forthwith of the current arrangements for payment to CoYC officers who were and remain Directors;

Support acceptance of the offer made by CoYC officers who were and currently remain Directors to forego all payments that had not yet been made;

Recommend to the Executive that any CoYC officers who may in future be appointed as Directors have job descriptions amended to include their CYT responsibilities, have their pay reviewed accordingly under the normal pay review rules, such appointments also to be considered in any management structure review;

Support the setting in hand of arrangements to recruit a Managing Director to commence April 2016.

Reason: To ensure that the conflicts of interest are avoided in both the management of CYT and the remuneration of any CoYC officers employed in future as Directors.

10. Date of Next Meeting

To be agreed.

11. Any Other Business

None.

Councillor I Cuthbertson, Chair

[The meeting started at 5.00 pm and finished at 7.00 pm].