

Report of the Head of HR and OD

## City of York Trading Limited Update

### Purpose of Report

1. Under the terms of the CYT Shareholders Agreement dated 1<sup>st</sup> April 2021 (the “**Shareholders Agreement**”), specifically clauses 8.3.1 and 8.3.5 and Schedule 2 Part 1 Paragraph 1.2, to approve the City of York Trading Limited (trading as WorkwithYork, WorkwithSchools, WorkwithYorkshire and Williams & Anthony) (“**CYT**” or the “**Company**”) **Business Plan for 2024/25** contained at ***Exempt Annex A***
2. Under the Shareholders Agreement and in line with Regulation 12(1) of the Public Contract Regulations 2015, to approve the CYT Implementation Project Plan at ***Exempt Annex B***.
3. The CYT Business Plan and Implementation Project Plan are both exempt under Section 100I and paragraphs 3 and 4 of Schedule 12A of the 1972 Local Government Act due to commercial sensitivities.

### Recommendations

The Committee is asked:

4. To approve the CYT Business Plan for 2024/25 at ***Exempt Annex A***.

**Reason:** To enable the CYT Board of Directors and staff to execute strategies for the growth of the Company’s non-Council recruitment business.

5. To approve the Implementation Project Plan at ***Exempt Annex B***.

**Reason:** To ensure that Public Contract Regulations compliance can be maintained for the supply of temporary staff to the Council of the City of York (“**CYC**”).

## Background and analysis

6. CYT was formed in 2011 with the intention of supplying temporary staff to CYC as WorkwithYork, to local schools as WorkwithSchools and has moved into the provision of permanent and temporary staff to other outside organisations as WorkwithYorkshire. CYC is the sole shareholder of the Company.
7. Through the Company's WorkwithYork brand, CYC makes a cost saving compared to the cost of agency staff on the open market and is also able to secure staff to cover hard-to-fill roles where permanent recruitment is challenging. In addition, the payment of an annual dividend from the Company's overall profits is designed to assist CYC's financial position.
8. The Company's Board of Directors comprises Karen Bull (the "**Managing Director**") with Non-Executive Directors ("**NEDs**") Cllr Ian Cuthbertson, Cllr Kallum Taylor, Cllr Jason Rose, Ann Vickers, Lisa Wood and Chloe Kerridge-Phipps and usually meets monthly to consider financial and performance reports and discuss strategy. Cllr Ian Cuthbertson is Chair of the Board.
9. In line with CYC's ongoing budget savings, its use of the Company's WorkwithYork agency staff has continued to reduce during 2023/24. Accordingly, the Company is now focussed on growing its recruitment business beyond CYC, utilising its brands WorkwithSchools, WorkwithYorkshire and the Company's recent acquisition, Williams & Anthony, whose assets CYT purchased in February 2024. The Company's Business Plan for 2024/25 is at ***Exempt Annex A***
10. CYT has a contract dated 7<sup>th</sup> September 2023 with CYC.
11. CYT is a *Teckal* company under Regulation 12(1) of the Public Contract Regulations 2015. As such, both the Company and CYC must ensure that the minimum thresholds/requirements for Teckal companies, namely that "*...more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority...*" are met.

In line with these requirements, the Company has drafted an Implementation Project Plan which is at ***Exempt Annex B***, this will be subject to further discussion with relevant officers in CYC, but gives indicative timescale and activity that needs to take place.

## **Risk Management**

12. There are no specific risk issues arising from this report.

## **Implications**

### ***Financial Implications***

13. The report provides details of the financial projections for CYT for 2023/24 and 2024/25. These are detailed in Annex A.

### ***HR Implications***

14. There are no HR implications arising in relation to CYC from this report.

### ***Legal Implications***

#### **15. CYT Annual Business Plan**

(a) With regards to the approval of the CYT Business Plan, under Article 12.4.1 of the CYC Constitution, the Shareholder Committee has been delegated authority to approve this document.

(b) Clauses 8.3.1 and 8.3.5 (**Shareholder Committee**) of CYT's Shareholder Agreement dated 1<sup>st</sup> April 2021 states that the role of the Shareholder Committee is (*inter-alia*) to receive and review the CYT Annual Business Plan, and exercise the functions of the Council in relation to the giving of Shareholder consent for the matters set out in paragraph 1.2 of Schedule 2 (save for those matters which Clauses 8.3.5.1 to 8.3.5.7 specifically reserve to the Council's Executive, none of which apply here).

Schedule 2, Part 1, Paragraph 1.2.2 (**Corporate Covenants – Shareholder Consents**) of CYT's Shareholder Agreement dated 1<sup>st</sup> April 2021 states that the Company shall not without the prior consent of the Shareholder Committee approve the CYT Annual Business Plan.

#### **16. CYT Implementation Project Plan**

(c) Regarding the matters referred to in **Exempt Annex B**, the members of the Committee are advised to seek the advice of the Council's Legal Services team to ensure compliance with:

- a. Regulation 12(1) of the Public Contract Regulations 2015 (and from 1<sup>st</sup> October 2024, Schedule 2, Part 1, Paragraph 2 of the Procurement Act 2023);
- b. CYT's Shareholder Agreement dated 1<sup>st</sup> April 2021;
- c. the CYC Constitution (specifically, but not limited to, Article 12); and
- d. The Company's Articles of Association.

### ***Procurement Implications***

17. Subject to the matters set out in ***Exempt Annex B***, there are no procurement implications in relation to CYC arising from this report.

### ***18. Health & Wellbeing Implications***

There are no health & wellbeing implications in relation to CYC arising from this report.

### ***19. Environment & Climate Action Implications***

There are no environment & climate implications in relation to CYC arising from this report.

### ***20. Affordability Implications***

There are no affordability implications in relation to CYC arising from this report.

### ***21. Equalities & Human Rights Implications***

There are no equalities or human rights implications in relation to CYC arising from this report.

### ***22. Data Protection & Privacy Implications***

Subject to the continuing exempt status of the information in ***Exempt Annexes A and B*** to this report, there are no data protection & privacy implications in relation to CYC arising from this report.

### ***23. Communications Implications***

Subject to the continuing exempt status of the information in **Exempt Annexes A and B** to this report, there are no communications implications in relation to CYC arising from this report.

**24. Economy Implications**

There are no economic or city development implications in relation to CYC arising from this report.

**25. Other Implications**

There are no crime and disorder, information technology, property or other implications arising from this report.

<b>Author:</b>	<b>Chief Officer responsible for the report:</b>		
Karen Bull, Managing Director CYT  Helen Whiting Head of HR and OD	Debbie Mitchell Chief Finance Officer		
	<b>Report Approved</b>	Y	<b>Date</b> 11/3/2023
<b>Wards Affected:</b>			All
<b>For further information please contact the author of the report</b>			

**Exempt Annex A – CYT Business Plan 2024/25**

**Exempt Annex B – CYT Implementation Project Plan**