

Notice of a public meeting of

Shareholder Committee

- To:** Councillors D'Agorne (Chair for this meeting) and Smalley
- Date:** Tuesday, 17 December 2019
- Time:** 4.00 pm
- Venue:** King John Meeting Room - Ground Floor, West Offices (G059)

AGENDA

1. **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.

2. **Minutes** (Pages 1 - 4)

To approve and sign the minutes of the last meeting of the Committee held on 19 November 2019.

3. **Exclusion of Press and Public**

To consider excluding the public and press from the meeting during consideration of the following annexes to agenda item 8:

- (i) Annex 1 - City of York Trading Business Plan 2019 – 22 (including annual budget summary 2019/20 and performance information for 2019/20 to date)
- (ii) Annex 2 - Presentation - Financial Performance & Business Plan Update

- (iii) Annex 4 - City of York Trading Ltd Financial Statements year ending 31st March 2019

On the grounds that these annexes 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.

- (iv) Annex 3 - CV of proposed Non-Executive Director

On the grounds that this annex contains Information relating to an individual. This information is classed as exempt under Paragraph 1 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 Monday 16 December 2019. 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

Please note that, subject to available resources, this meeting will be filmed and webcast, or recorded, including any registered public speakers who have given their permission. The broadcast can be viewed at <http://www.york.gov.uk/webcasts> or, if recorded, this will be uploaded onto the Council's website following the meeting.

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should contact Democracy Officer (whose 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_for_webcasting_filming_and_recording_of_council_meetings_20160809.pdf

5. Make It York: Appointment of Head of Commercial and Revenue Generation (Pages 5 - 8)

The Committee will consider a report which proposes salary and bonus levels for the new post of Head of Commercial and Revenue Generation within Make It York.

6. Make It York - Managing Director's Report (Pages 9 - 14)

The committee will receive a report which provides summary financial performance figures for Make It York year-to-date 2019-20. It also sets out early views on the key areas of focus for a revised Service Level Agreement and Make It York Business Plan.

7. Veritau Ltd - Creation of a subsidiary company (Pages 15 - 20)

Members will receive a report seeking shareholder approval for the expansion of Veritau through the creation of a subsidiary company.

8. City of York Trading Ltd Business Update (Pages 21 - 50)

The Operations Director and Interim Managing Director will present to the committee a business update for City of York Trading Ltd, including accounts for 2018/19, and performance information for 2019/20 to date.

9. Yorwaste and SJB Recycling Trading Update (Pages 51 - 56)

The Managing Director will be in attendance to present a trading update report for Yorwaste and SJB Recycling.

10. Shareholder Committee Forward Plan to December 2021 (Pages 57 - 62)

This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to December 2020.

11. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name – Michelle Bennett

Telephone – 01904 551573

E-mail – michelle.bennett@york.gov.uk

For more information about any of the following please contact the Democratic Services 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

City of York Council

Committee Minutes

Meeting	Shareholder Committee
Date	19 November 2019
Present	Councillors Ayre (Chair) and D'Agorne

26. Declarations of Interest

Members were asked to declare, at this point in the meeting, any personal interests not included on the Register of Interests or any prejudicial or discloseable pecuniary interest that they might have in respect of the business on the agenda. None were declared.

27. Exclusion of Press and Public

Members considered the exclusion of the press and public from the meeting for discussion and decision for the exempt agenda Item 6 on the grounds that it contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved: Not to exclude the press and public during consideration of Agenda Item 6.

Reason: Members considered that these matters could be discussed without disclosing any confidential information relating to the financial or business affairs of any particular person (including the authority holding that information).

28. Minutes

Resolved: That the Minutes of the previous meeting of the committee held on 3 September 2019 be approved and signed as a correct record.

29. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Ms Gwen Swinburn spoke in relation to her concerns regarding the lack of governance of this committee and how it fails to meet the minimum requirements of the agreement made with the external auditors as part of their obligations in relation to the Public Interest report. She mentioned her concerns that the resolutions from the first meeting of this committee held in March 2017 had not been undertaken. With the exception of Make It York, the agreed twice a year business update reports from the companies in which we are shareholders, had not been received. She requested that the Chair invite each company to provide a report and that this committee publish a forward plan. She raised wider concerns about a lack of reporting across the Council as a whole and further concerns about perceived and certain conflicts of senior council officers.

The Chair responded that the committee would address her concern regarding companies in which the council are shareholders reporting to this committee twice a year, as soon as possible. He also assured her that the committee's Forward Plan would be available for the next meeting.

30. Veritau Ltd - Creation of a subsidiary company

It had been decided that the above item would be deferred to the next Shareholder Committee Meeting on 17 December 2019 where the vice-chair Cllr D'Agorne would chair the meeting. This was due to the chair's prejudicial and pecuniary interest in this item in that he was a director at Veritau Ltd.

31. SJB Recycling Proposed Disposal of Subsidiary Reserved Matters

Members received a report which sought to provide approval in principal to the SJB Recycling Limited Board of Directors for the disposal of a subsidiary company.

Patrick Looker, The Finance Manager was in attendance to present the report and to respond to questions.

Resolved: That the Shareholder Committee:

- (i) Agree in principal to the disposal of a subsidiary company.

- (ii) Delegate the Council's representative on the Board of Directors to work with his fellow Directors to negotiate and agree the final terms and conditions of the sale.

Reason: In accordance with the Articles and Shareholder agreement

Cllr Ayre, Chair

[The meeting started at 4.30 pm and finished at 4.41 pm].

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Shareholder Committee

17 December 2019

Report of the Assistant Director (Communities & Culture)

Make It York: Appointment of Head of Commercial and Revenue Generation**Summary**

1. This paper proposes salary and bonus levels for the new post of Head of Commercial and Revenue Generation within Make It York.

Recommendations

2. The Shareholder Committee is recommended to agree to Make It York offering a salary of £60k and a self-funding bonus scheme up to a value of £20k in respect of the appointment to the post of Head of Commercial and Revenue Generation.

Reason: To facilitate successful recruitment to the post whilst complying with the Council's constitution and the Make It York's Articles of Association.

Background

3. Make it York is a company limited by shares wholly owned by the Council. It has the following objectives:
 - Increased profile for the city as a destination for living, visiting, studying, and doing business
 - Increased business investment in the city – as measured by growth in existing business and inward investment by companies locating into the city
 - Increased visitor spend – as measured by increase in average length of stay and average spend per visitor
 - A National / International profile of high quality cultural events, driving the development and implementation of the city's cultural strategy and promoting cultural wellbeing
4. The Council's Constitution sets out the terms of reference of the Shareholder Committee. With respect to Make It York, these include provision to: "Determine the remuneration of Directors and any senior managers as identified in the specific scheme of

delegation and agreeing any performance related bonus payments to staff.”

5. Make It York’s articles include amongst the matters reserved to the Shareholder: To agree to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of or consultant to the Company at a rate in excess of £50,000 per annum or increasing the remuneration of any such person to a rate in excess of £2,000 per annum.
6. The Managing Director of MIY, has recently restructured the business into five key areas:
 - Business, Networking and Inward Investment
 - Culture and Wellbeing
 - City Centre Management and Markets
 - Communications and Marketing
 - Commercial and Revenue Generation
7. This restructure, funded within existing budgets, led to three vacant senior manager posts needing to be recruited to. Alex Green has been recruited as Head of Business and Helen Apsey as Head of Culture and Wellbeing.

The Recruitment of Commercial and Revenue Generation

8. This new post of Head of Commercial and Revenue Generation, which completes the structure, has been established by MIY with the objective of increasing MIY’s revenues over time such that the company can, in the first instance, become self-funding (relieving the council of its ongoing financial contribution to the business) and, beyond that, increasing the sums available to reinvest in the city.
9. MIY attempted to recruit to this role at a salary of £50k. The response to the job advertisements was generally weak with a smaller number of applicants than normally received. 2 candidates were interviewed, although both indicated that the salary was lower than they would accept. One of the candidates was discounted after interview. The other candidate indicated interest in the position if the compensation package could be improved. He had 2 other offers – one with his existing employer in Leeds at a basic salary of £75k plus bonus of up to £30k and one in Bristol at £65k basic. Ultimately, he decided to stay with his existing employer, although with regret as he was genuinely interested in the opportunity with MIY.

10. It has been noted through the recruitment process and during discussion with the MIY Board, that incumbents of commercial sales/ revenue generating roles expect a (self-funding) commission element to their compensation. Although the position is difficult to benchmark, there are 3 broadly similar roles currently advertised in the region:
- Head of Business Development – Charity in Leeds, up to £80k
 - Commercial and Procurement Manager (to report to the Head of Commercial) – York, £60-70k
 - Head of Commercial Finance – Yorkshire, £60-80k
11. As the current approved levels for salaries were set at £50k in 2015, when MIY was established, it is perhaps not surprising that they no longer facilitate market-rate recruitment in all cases.

Options and Analysis

12. It is open to the committee to accept or reject the proposal. Should the committee accept the proposal it is anticipated that it will be possible for MIY to conduct a successful recruitment process. Should the committee reject the proposal it will not be possible to proceed with this post. This will jeopardise MIY’s progress towards becoming self-financing.

Council Plan

13. Make It York contributes to a number of Council Plan themes including Well-paid jobs and an inclusive economy, and Safe Communities and culture for all.

Implications

14. There are no additional implications beyond those set out in the report.

Author:	Chief Officer responsible for the report:				
Charlie Croft Assistant Director (Communities & Culture)	Amanda Hatton Corporate Director of Children, Education and Communities				
	Report Approved:	✓	Date:	18.11.19.	
Wards Affected:				All	✓

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Shareholder Meeting December 2019

Make It York - Managing Director's Report

Introduction

This report provides summary financial performance figures for Make It York year-to-date 2019-20. It also lays out early views on the key areas of focus for a revised SLA and MIY Business Plan.

Financial Performance

Performance against budget – Year to date (31 October 2019):

	Actual	Budget	Variance
Revenue	2,542,254	2,583,412	(41,158)
Direct Costs	2,367,545	2,484,027	(116,482)
Gross Profit	174,709	99,385	75,324
Overheads	422,771	341,144	81,627
Net Profit	(248,063)	(241,759)	(6,304)

- Year to date, overall net loss of £6,304.
- Revenue variance is £41,158 below budget. This is a result of:
 - VIC merchandise sales struggling with revenue below budget by £20,211
 - City centre activities being £7,910 below budget due to unavailability of St Sampson's Square during summer months.
 - Variance of £24,139 is from discontinued business areas
- Direct cost saving stands at £75,324 against budget.
- Continuing strong performance from Shambles Market and York Pass.

1. Governance

Following a thorough assessment of the corporate and staffing structures of MIY, the Board agreed in April this year to the establishment of five distinct departments within the business. These were Business and Networking; Culture and Wellbeing; City Centre Management and Markets; Communications and Marketing; Commercial

and Revenue Generation. Three senior members of staff left MIY at that point.

Significant progress has since been made in recruiting a new team. A new Head of Business has been appointed and started in early November. Alex Green, previously a Senior Account Manager with the Corporation of London, has got off to a great start and brings considerable experience of capital markets and of the Far East. His initial focus will be on establishing key relationships across the city, with a view to concentrating on inward investment, trade opportunities and talent attraction and retention.

MIY has also just appointed a new Head of Culture and Wellbeing, Helen Apsey, who will join the business in January 2020. Helen is currently employed by Nordoff Robbins, the music therapy charity, as the Head of Policy and Impact. This post is jointly funded by MIY and CYC.

Interviews are being held shortly for a Head of Commercial and Revenue Generation. This role has so far proved more difficult to attract good candidates to, primarily because of the advertised salary level. The Shareholder's Committee is separately being asked to approve a remuneration package which will allow MIY to make an appointment soon.

Notwithstanding the above and some teething troubles, the new departmental structure and roles are becoming established. The creation of a Colleagues Advisory Board has provided a mechanism to ensure staff concerns can be raised and aired, and as importantly staff input into corporate strategy can be secured.

As a related point, as the Shareholder's Committee will know, MIY has appointed a new Chair of the Board (subject at the time of writing to formal ratification by CYC's Staffing and Urgencies Committee). The appointee is Greg Dyke who will bring excellent experience and networks to the role and will take up position on 1st January 2020. His appointment is also a clear demonstration of ambition on the part of CYC and MIY. Perrett Laver was commissioned to produce a longlist and then a shortlist of potential candidates and was assisted by an appointment panel made up of Peter Clinker, Mini Setty, Richard France, Harkirit Bopari, Karen Stanton, Charlie Croft, Noirin Carmody and the MD.

An induction programme for January 2020 is currently being organised for Greg.

With respect to governing the relationship between CYC and MIY, the MD has begun discussing a new SLA with CYC. The aim is that it will be more concise and related more closely to MIY's current strategic priorities. Once agreed, it will form the basis of MIY's 2020-2021 Business Plan, to be launched at 2020's MIY Stakeholder Meeting in May. If it is possible to agree a multi-year Business Plan that structure will be adopted.

2. Delivery highlights to date

In accordance with MIY's renewed strategic priorities and revised corporate structure, an update on this year's progress to date is set out below.

Business, Network-Building and Inward Investment

As noted above, Alex Green started in November as MIY's new Head of Business in November, and has already made an impact on MIY's work in this area by increasingly focussing on the economic sectors where York has acknowledged world-class strengths. These are Tourism; Bio-Science; Rail-Tech; Digital; Financial Services. Supporting existing businesses and encouraging new ones to come to the city in order to strengthen these clusters is the priority.

As part of this, York Central remains a potentially transformative opportunity for the city. As previously reported, MIY is currently working with a small number of its Business Ambassadors to produce a suggested Occupiers' Strategy for CYC. This group met in July and undertook to use its existing networks and upcoming meetings to determine current sector scale in relation to the five key sectors and to try to establish their respective potential for growth and therefore likely occupier demand. It also reiterated its desire to see a development with a clear architectural integrity and a consistent economic vision based on clarity as to the city's economic strengths.

As a related point, and as part of a programme to reinvigorate MIY's Key Account Management programme, the MD and the Head of Business have continued to meet with a wide range of key businesses and business organisations over the autumn. Intelligence gleaned from these meetings is helping to inform MIY's ongoing advice to CYC on the York

Central occupiers' strategy and ensure an effective as possible KAM function within MIY.

Business Week 2019 took place in the week commencing 11th November. Its theme was *Future York* and included a strong programme of events and workshops. Highlights included the main conference which had a good range of speakers, the hospitality conference and the "Top 100" businesses event with York St John, together with a range of workshops hosted by CYC. The form of this event was deliberately slightly different as it focused on York's five key business sectors, and in particular companies which are considered "ones to watch".

Meanwhile, MIY is continuing to support businesses to secure growth funding, working closely with both the LEPs and using in-house expertise to direct applications.

Culture and Wellbeing

This role will primarily involve working with the city's cultural organisations to ensure that, where there are shared interests between an individual organisation and specific objectives of the Cultural Strategy, these are aligned. It will also focus on culture and its role in enhancing wellbeing.

MIY has also been working with a small group of key players to take forward York's UNESCO City of Media Arts and Creative Cities Network membership with a view to raising their profile and increasing understanding of the designation and its benefits. This included featuring the designation as part of the Business Week Conference for the first time this year.

Beyond this, the MIY team is currently working on Christmas, the 2020 Tourism Awards and the Tourism Conference, the 2020 Ice Trail, and the Residents' Festival.

City Centre and Markets

While for varying reasons, the process of securing Safety Advisory Group (SAG) approval for the Christmas Market and the Christmas lights switch on was difficult this year, the former is now underway and the latter went off as a great success on a cold and wet evening. The basic number and layout of the markets is similar to last year, although there are additional spaces to alleviate crowding. Feedback from traders has

so far been very positive, while local press feedback, as in all cities in relation to Christmas markets, has been mixed.

There were various reasons why approval was so problematic this year: counter-terrorism (CT) issues, new staff, a higher bar being set etc. There are associated learnings which will be taken up as part of a comprehensive event de-brief in January.

As a related point and as the Committee members will be aware, Shambles Market trading hours have been affected by the CT measures and wider public safety advice. MIY commissioned further public safety advice once the Christmas market was up and running and actual practice and footfall could be taken into account. The review has resulted in the adoption of a compromise which allows a default traders departure time of 6pm, subject to the judgement of the Safety Officer, together with a range of other safeguards.

The difficulties associated with this issue have underlined the low levels of trust and understanding between MIY and the market traders, and in turn the importance of establishing a working group to address outstanding matters and take forward the various opportunities. This group will meet first in January and will look at legal and H&S issues, investment in utilities for the market, a project to consider opportunities to secure further investment in the market with a view to “future-proofing”.

Beyond this, Shambles Market continues to perform well, although its costs have risen too.

A detailed report and action plan for Shambles Market was produced earlier this year. This is being taken on and implemented by MIY’s H&S Manager Everton Christie. Implementation of the recommendations is behind schedule. This is in part because of staffing issues at MIY and in part because of resistance from traders. The need to introduce recommended new measures was emphasised at a meeting with traders on 24th October, who agreed to work with MIY, particularly on the priority issues: trader check list; moving vehicles procedures; vehicle signs; fire alarms and signage; gable ends. A new timetable for implementation has been agreed and is being overseen by Chris Price who has now returned to work from a period of extended sick leave.

Communications and Marketing

MIY has been working closely with CYC and a wide range of businesses and stakeholders on this city narrative project. As part of this, MIY and the Dean jointly hosted a dinner at the Deanery in late September for some key stakeholders who had not yet fed-in to the process. It was very useful and can serve as a model for future events.

CYC is proposing that the implementation and management of the place based narrative transfers to MIY. This is, in-principle, very much supported by MIY, however, clarity is still required on the key elements of the project: expected outputs; staffing; resourcing; and, necessary commitment from other stakeholders. These details are currently being discussed by MIY and CYC as part of the SLA negotiations.

In the meantime, MIY is continuing work on its tactical campaigns for Halloween, Christmas and 2020's Ice Trail, and has produced its Christmas Guide.

With respect to corporate marketing and communications, the MIY team has begun the process of refreshing these with a view to adopting them to coincide with the launch of the new Business Plan in May 2020.

3. SLA and 2020-2021 Business Plan

An outline of some of the likely main focuses of the SLA is set out below, again reflecting MIY's key areas of operation. In summary, the most significant of these are probably: providing the "single front door" to new and existing businesses; collating and disseminating relevant market intelligence; facilitating communication with business; organising business events; delivering the Cultural Strategy; promoting the UNESCO designation, and; organising an ambitious programme of events.

The SLA will continue to incorporate mechanisms for MIY to report back to CYC. These will include regular Board meetings, bi-monthly Portfolio Holder meetings, and the Shareholder Committee. In addition to this, the potential to commission independent economic, and wider, impact analysis is being explored. Early conversations have been held with York St John, and the opportunity will also be discussed with the University of York.

VERITAU LIMITED**Creation of a subsidiary company – requirement for shareholder approval****1.0 Purpose**

- 1.1 To seek shareholder approval for the expansion of Veritau through the creation of a subsidiary company.

2.0 Introduction

- 2.1 Veritau Limited was established in 2009 as a shared service company. The company is jointly owned by North Yorkshire County Council and the City of York Council. Veritau provides internal audit and other assurance services to the two councils.
- 2.2 Veritau expanded in 2012, with the creation of a subsidiary company, Veritau North Yorkshire Limited. Veritau North Yorkshire Limited is 50% owned by Veritau Limited with the remaining shares owned by four North Yorkshire district councils. As well as its member councils, the Veritau group provides services to a range of other public sector bodies, including North Yorkshire Fire and Rescue Service, Doncaster Children's Services Trust, Selby Housing Trust, 3 x National Park authorities, plus various housing associations, town councils and academy schools. The group operates as a single business under a uniform management structure below board level. The group has common policies, procedures and systems. It has also adopted a single brand image.
- 2.3 Since its creation, Veritau has been open to other local authorities joining the shared service providing any expansion is in the best interests of the group and its existing shareholders. Recently discussions have been taking place with a number of other councils about them possibly joining the group. The councils are Redcar and Cleveland Borough Council, Middlesbrough Council and Scarborough Borough Council.
- 2.4 To prevent any dilution in control for NYCC and CYC, any new member councils would need join the group by either becoming a member of Veritau North Yorkshire Limited (subject to the agreement of the existing shareholders of the company) or through the creation of a new subsidiary company (similar to Veritau North

Yorkshire). The Veritau Limited shareholders' agreement requires the unanimous consent of both shareholders to any acquisition of shares in any company or business, the establishment of any subsidiaries or participation in any legal partnership or joint venture.

3.0 Benefits of Expansion

3.1 There are a number of advantages for Veritau and its shareholders in accepting additional council members, including:

- greater efficiencies and cost savings through economies of scale;
- the ability to retain skilled and experienced staff by creating greater critical mass and providing more opportunities for career development and specialism;
- greater resilience and capacity resulting in increased security of supply for clients;
- more opportunities to develop specialist skills (for example data analytics and IT audit), resulting in added value for clients;
- an improved Teckal position (which in turn increases Veritau's ability to sell services to other external clients);
- an increased profile – being seen as the supplier of choice for assurance services in the region;
- the reduced risk that these councils and others might collaborate and create a potential rival service or join up with another existing partnership resulting in increased competition.

4.0 Background

4.1 Redcar and Cleveland Borough Council and Middlesbrough Council have operated a shared service for internal audit and other assurance services since 2011. Redcar and Cleveland acts as the lead authority for the shared service. There are 7 members of staff currently providing internal audit services to the two councils and the combined programme of work is approximately 1,560 days per annum. Whilst the shared service has been successful it is recognised that it is now too small to be fully effective. The councils have therefore been looking at options for securing the future of the

internal audit service and have concluded that joining a larger shared service would be preferable.

- 4.2 When Veritau North Yorkshire (VNY) was established in 2012, five North Yorkshire district councils joined as member councils. One of those councils, Scarborough Borough Council subsequently opted to leave the shared service and to instead establish its own in-house team for internal audit and fraud services. The council therefore ceased to be a member of VNY in 2014. As a result of subsequent budget cuts this in-house team has now reduced in size and consists of 4 FTE posts including the Head of Internal Audit. The programme of work is approximately 500 days per annum. The Head of Internal Audit post is also now vacant. The council has recognised that the current arrangements are no longer sustainable and has therefore asked to be re-admitted to Veritau North Yorkshire.

5.0 Proposal

- 5.1 As noted above, discussions have been taking place with all the interested councils. Agreement has now been reached with Redcar and Cleveland Borough Council and Middlesbrough Council to transfer their existing internal audit service to the Veritau group. It is proposed to achieve this by creating a new company, Veritau Tees Valley Limited (VTV). The company will be jointly owned by Redcar and Cleveland Borough Council, Middlesbrough Council and Veritau Limited. The shares will be allocated as follows:

Redcar and Cleveland Borough Council – 100 (25%)

Middlesbrough Council – 100 (25%)

Veritau Limited – 200 (50%)

- 5.2 Each shareholder will be required to make a capital contribution to the new company equivalent to £200 per share, to provide the company with its initial working capital. This represents an investment of £40k by Veritau Limited in the new company. The investment will come from reserves. The new company is expected to commence trading on 1 January 2020.
- 5.3 The new company will be shown as an investment in Veritau Limited's accounts. If the company was wound-up then the capital would be returned to the shareholders assuming there were no

other outstanding debts. The new company will join the existing Veritau group companies in operating as a single business.

- 5.4 Whilst creating and operating a new company will result in some additional costs, this approach avoids any dilution in existing shareholder control. It also has the advantage that the rest of the group would be protected should the new entity experience financial or operational difficulties in the future. Any risk to Veritau Limited would therefore be limited to the value of the original investment and the existing group could continue trading.
- 5.5 Similarly, an outline agreement has been reached with Scarborough Borough Council (SBC) for internal audit and fraud services to be transferred to Veritau. This would be achieved by the council being re-admitted to Veritau North Yorkshire Limited. The readmission of SBC is a decision for the VNY shareholders. SBC will be asked to make a capital contribution to the company of £10k. This is to reflect the current value of the business.
- 5.6 The proposals have been agreed by the boards of both Veritau Limited and Veritau North Yorkshire Limited.

6.0 Other Details

- 6.1 The registered office of Veritau Limited is West Offices, Station Rise, York, YO1 6GA. Subject to the agreement of City of York Council, the registered office for the new company will be the same. Articles for the new company will be prepared in accordance with the Companies Act 2006.
- 6.2 The company will have a board consisting of four directors. Two of the directors will be appointed by Veritau Limited. The board will be responsible for strategic and policy decisions, and will meet a minimum of three times each year. Specific responsibilities will include agreeing the business plan, approving the annual budget and accounts, and monitoring the financial and operational performance of the company. The new company will not pay remuneration to the directors but will reimburse reasonable travel and subsistence allowances in accordance with existing Veritau policies.

- 6.3 The new company will be regulated under the terms of the Local Authorities (Companies) Order 1995. Regulated companies are those classed as either being 'controlled' or 'public sector influenced' by a local authority. The new company falls within the definition of a 'public sector influenced' company and will therefore need to comply with a number of specific governance and accountability rules, including:
- identifying the relevant councils on business documents
 - limiting directors' remuneration
 - prohibiting party political publicity
 - requiring the provision of certain information to the relevant councils and their auditors.
- 6.4 Those members of staff currently working for the three councils, and considered to be within scope, will transfer in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2013.
- 6.5 A shareholders' agreement will be required to govern the operation of the new company, the relationship between the company and its shareholders and between each individual shareholder. The agreement will identify those decisions which require the unanimous agreement of all the shareholders, for example the variation of the articles of the company, adopting strategic objectives of the company and making significant decisions such as approving contracts over a certain value threshold. Other provisions covered by the shareholders' agreement will include:
- arrangements for allowing any future changes in the company's membership
 - arrangements for appointing and removing Directors
 - arrangements for board meetings, including their frequency
 - arrangements for resolving disputes
 - exit arrangements
 - the information which each company will be required to supply to its shareholders.

- 6.6 A service contract will be required to specify the services to be delivered to each council. The length of the contract will be determined by each council but is expected to be 10 years plus possible extensions. This is in order to provide a degree of certainty to all parties and to recognise that this is a long-term partnership where the new member councils are able to help shape and direct the future development of the shared service. Each council will however retain the right to terminate its service contract by giving 12 months written notice.

7.0 Recommendations

- 7.1 To approve the creation of a new subsidiary company, Veritau Tees Valley Limited, to enable the expansion of the Veritau group.

CYC SHAREHOLDER SCRUTINY COMMITTEE
City of York Trading Ltd Business Update

Content

Karen Bull, Operations Director and Interim Managing Director intends to present to the committee a business update for City of York Trading Ltd, including accounts for 2018/19, and performance information for 2019/20 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 27th March 2019 and submitted to the Shareholder. This contains commercially sensitive information and is not for general circulation
2. Three Year Business Plan – approved by the City of York Trading Ltd Board of Directors on 29th November 2019 and submitted to the Shareholders for approval. This contains commercially sensitive information and is not for general circulation
3. Annual external accounts audit – signed audited accounts for 2018/19 approved by City of York Trading Ltd Board of Directors on 14th June 2019.

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's financial position. If CYC had to source staff in the open market, the cost would be substantially higher than current rates paid to the Company.

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 2019/20:-

- There have been several recent changes to the Board of Directors which now comprises Karen Bull (appointed Operations Director 2017 and Interim Managing Director April 2019) with Non-Executive Directors Cllr Ian Cuthbertson (appointed February 2019 – dispensation received from CYC to allow this role alongside position as Executive Member for Children, Young People and Education), Cllr Kallum Taylor (appointed May 2019) and John Dobson (appointed September 2019).
- The Board conducted interviews for another Non-Executive Director during October and November 2019 and the Shareholder is asked to approve the appointment of the successful candidate who has extensive senior leadership experience in Sales and Marketing. This candidate's CV is provided to the Shareholder but contains sensitive information and is not for general circulation.
- The Company's Management Accountant prepares financial reports on a monthly basis, and Board Meetings are held monthly to coincide with this.
- Overall, the performance of the Company financially year-to-date has been strong, with both revenue and net profit ahead of budget. The performance review information provided to the Shareholder within the 2019/22 business plan and presentation contains commercially sensitive information and is not for general circulation.

- Key Performance Indicators are monitored on weekly and monthly basis.
- Marketing activities continue, including utilisation of the Company's websites and social media channels.
- In addition to the CYC and Schools business, the Company has expanded into commercial recruitment and this is planned to increase further. More details are contained in the 2019/22 business plan submitted to the Shareholder, however both it and the presentation contain commercially sensitive information and are not for general circulation.

Shareholder Approvals

Shareholder approval is being sought for the following:-

- Approval of Business Plan 2019-22
- Appointment of Non-Executive Director

Appendices (all commercially confidential)

1. Business Plan 2019–22 (including annual budget summary 2019/20 and performance information for 2019/20 to date)
2. Presentation - Financial Performance & Business Plan Update
3. CV of proposed Non-Executive Director
4. City of York Trading Ltd Financial Statements year ending 31st March 2019

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YORWASTE AND SJB RECYCLING TRADING UPDATE

Sandy Boyle, Managing Director, will be in attendance to present this report.

Yorwaste Limited Shareholder Committee

17th December 2019

1. Introduction

Yorwaste is a Teckal Company owned by North Yorkshire County Council (NYCC 77%) and City of York Council (CYC 23%), operating over 30 sites, and employing around 300 staff who manage over 400,000 tons p.a. of waste and recycle.

Yorwaste operates Waste Transfer Stations (WTS), Materials Recycling Facilities (MRF), Green Waste Composting, and HWRCs for both NYCC and CYC. It also manages the closed landfill aftercare obligations at a number of sites including Harewood Landfill (which closed to general waste in March of this year).

Yorwaste also operates a commercial waste collection business, generating contribution to the operating costs of the WTSs and MRFs. This is in addition to the shareholder benefit from maximising the Tier Band 2 tonnage to Allerton Waste Recover Park (AWRP).

This report provides an update on progress against the current year's financial plan, the highlights of the current year, and the challenges the Company faces over the period of the next financial plan.

2. Current Year Financial Performance

Unaudited Year to Date financial performance for 7 months to October

£'000s	ACTUAL	BUDGET	Variance
GROSS REVENUE	26,365	24,983	1,382
Disposal Costs	(12,668)	(10,562)	(2,106)
NET REVENUE	13,697	14,421	(724)
Operating Costs	(13,539)	(13,858)	319
PROFIT BEFORE TAX & INTEREST	158	563	(405)
Interest & FRS12 Unwind	(462)	(451)	(11)
PROFIT BEFORE TAX	(304)	112	(416)

2019:



Yorwaste core operations generally performed well, however, due to the impact of a facility closure; external commodity prices; and two waste fires; the company is currently showing a loss, a position that is forecast to worsen over the remainder of the year.

The performance in the Transfer Segment has been strong with additional tonnage and improved gross margin, bulk haulage has also performed in line with budget which is a major improvement compared to recent years.

Harewood MRF has performed above budget with significant improvement in recycling recovery following the recent investment; however, performance at Harewood compost has been less favourable due to problems in producing PAS100 that were exacerbated by equipment failures.

HWRC activity has been broadly on budget and central costs have been tightly controlled. Commercial Transport has been performing well in a challenging market and is currently broadly on budget despite increasing competition, however the out-turn for the rest of the year is less certain.

Unfortunately, this positive picture has been negated by the poor performance of the Seamer MRF where excessive downtime from outdated equipment has forced its early closure. The full year position will also carry an adverse cost for sub-contracting existing contracts till the end of March which will also see an end to the adverse impact of the facility.

The business also experienced two waste fires, one at Seamer Carr, the other at Tancred and whilst both sites were up and running within 24 hours, there have been significant costs in repairing damage. Both fires are thought to have resulted from Lithium Ion batteries combined with bulky storage and plans to reduce the risk are underway.

Whilst the day-to-day operations of the Landfill, Restoration and Aftercare (LRA) segment have been broadly in line with budget, the revenues from gas production are significantly down against budget due primarily to the budget assuming higher volumes from the recently completed phases. Market prices are also below budget expectations and neither these, nor volumes, are expected to improve for the remainder of the year (ie the variance against budget will increase). Next year's budget will be more modest in its assumptions and has been informed by an independent external assessment of future gas volumes.



3. Highlights of the current year

“Stabilise, Optimise, and Prepare” well underway

Last year’s business plan outlined the priorities for Yorwaste as stabilise, optimise, and prepare and we are pleased to report progress on these.

This year has seen a return to stability following two years of significant and destabilising change (including transition from landfill operator to transfer operator, Todd’s acquisition, departure of MD and FD, management rationalisation and restructure, and implementation of new operational IT system).

Health & Safety has improved and the company was awarded a ROSPA Silver award and is currently focused on achieving ISO 45001. This is supported with the rollout of the current best practice behavioural approach to safety management.

Operational uptime has improved across almost all of the Company (with the notable exception of Seamer MRF), and operational delivery is far better and more consistent than in 2018/19.

In parallel, the completion of Purgo phase 1 (the new operational IT system) has provided the management information required for the optimisation of sales activity, pricing, and operational delivery in route optimisation. Combined with the roll-out of c-track vehicle monitoring we are also improving transport efficiency and safety.

The “Race for Waste” is gathering pace.

Whilst internally the company is now on a more stable operational footing, the external market environment continues to intensify. Over the past 6 months, we have seen incursions into our territory from new players on many sides. The “Race for Waste” nationally is symptomatic of increasing industry consolidation and on a local basis the need to secure fuel for the significant increase in regional EfW capacity.

Within the CYC area, Yorwaste partnered with the CYC led tender to win the York BID business. Unfortunately, this was awarded to Forge, a relatively small operator with aggressive pricing. This has the potential to impact the commercial collections volumes of both CYC and Yorwaste but especially CYC where retention of a significant number of customers may be at risk. This level of commercial pressure is unlikely to abate anytime in the near future.



Impact of Government Waste Strategy slowly evolving.

Last December the Government unveiled its new waste strategy and consultations are continuing. The impact of the Government Waste Strategy is still unclear with differing views on the likelihood of separate food waste collections, and the viability of a common recycling collection process.

Yorwaste has been working closely with Local Authority customers to identify the issues, model options, and ensure we have plans in place to respond to the outcome of those consultations.

4. Challenges for the next Financial Plan.

Defend and expand Commercial Collection volumes

In response to the Race for Waste, Yorwaste needs to both defend and expand its commercial collections volumes. As a result, it plans to increase its sales force and target new areas adjacent to its Teckal boundaries.

Review of the current Teckal funding arrangement

With the transition to the new operating model complete, the loss of landfill represents both a profit and cash challenge to the business that needs addressing. This is exacerbated by the reduction in landfill gas revenues, which will continue to decline significantly over the next couple of years, and is expected to be of no economic value by 2027.

Whilst the immediate liquidity of the Company is not a concern, Yorwaste needs to increase revenue over the coming years and this is the key challenge being discussed at Board level and with both Shareholders and both Local Authority clients.



Sjb Recycling Limited Shareholder Committee

17th December 2019

1. Introduction

SJB currently operates three sites (based at Yorkshire Water waste plants) providing green waste composting services to local authorities. This report provides an update on progress against the current year's financial plan, and the challenges the Company currently faces.

2. Current Year Financial Performance

Unaudited Year to Date financial performance for 7 months to October 2019:

£'000s	ACTUAL	BUDGET	Variance
GROSS REVENUE	1,567	2,040	(473)
Disposal Costs	(420)	(652)	232
NET REVENUE	1,146	1,388	(242)
Operating Costs	(986)	(948)	(38)
PROFIT BEFORE TAX & INTEREST	160	440	(280)
Interest & FRS12 Unwind	(1)	-	(1)
PROFIT BEFORE TAX	159	440	(281)

The assumptions underpinning the have fundamentally changed and whilst it had been expected that two of the largest contracts would be out for re-tender in fiscal Q1 (April to June), neither have yet been concluded nor are likely to conclude before fiscal Q4. As a results assumptions tied to those retenders, which included significant price increases, are no longer valid.

3. Future Challenges

In previous reports, we advised that the change to the EA guidelines have ceased the use of co-composting of greenwaste with sewerage sludge, which has effectively undermined the SJB operating model. Previously the co-composting allowed a lower processing and disposal cost, but now compost needs around 50% more processing time and has to comply with PAS 100 in order to be sold as a product. This increases processing costs and reduces the throughput at sites.

The combination of increased costs and reduced throughput has made two of the three sites commercially unviable and they are now in the



process of closing. This third site is still commercially viable but is heavily reliant on the retendering of major contracts in fiscal Q4.



Shareholder Committee

17 December 2019

Report of the Corporate Finance and Commercial Procurement Manager
(Interim S151 officer)

Shareholder Committee Forward Plan to December 2021

Summary

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to December 2020.

Background

2. There are to be a number of meetings of the Committee in a municipal year. To assist members in their work, attached as an annex is an indicative rolling forward plan for meetings up to December 2020. This may be subject to change depending on any particular issues with council owned companies. A rolling forward plan of the Committee will be reported at every meeting reflecting any known changes.
3. The Council owns, or part owns, a number of companies. Details of these companies are included in the council annual financial accounts and are listed in the table below.

Company name	Ownership details
Yorwaste & SJB Recycling	22.27% CYC 77.73% NYCC
Make It York	100% CYC
Veritau	50% CYC 50% NYCC
City of York Trading Ltd	100% CYC
YPO	1/13 th

4. The committee should consider, as a minimum, the business plan, a mid year performance update and the financial year outturn for each of the companies. In practice, it is likely that the performance reports may be brought at different times during the year.
5. As the dates for future committees have not yet been determined, the forward plan attached assumes there will be 3 meetings during the year. The individual reports included can be arranged over the meetings as appropriate once dates have been agreed.

Consultation

6. The forward plan is subject to discussion by members at each meeting, has been discussed with the Chair of the Committee and key corporate officers.

Options

7. Not relevant for the purpose of the report.

Analysis

8. Not relevant for the purpose of the report.

Council Plan

9. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation'.

Implications

10.
 - (a) **Financial** - There are no implications
 - (b) **Human Resources (HR)** - There are no implications
 - (c) **Equalities** - There are no implications
 - (d) **Legal** - There are no implications
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications
 - (g) **Property** - There are no implications

Risk Management

11. By not complying with the requirements of this report, the council will fail to have in place adequate scrutiny of its internal control environment and governance arrangements, and it will also fail to properly comply with legislative and best practice requirements.

Recommendations

12. (a) The Committee's forward plan for the period up to December 2020 be noted.

Reason

To ensure the Committee receives regular reports in accordance with the functions of an effective Shareholder committee.

- (b) Members identify any further items they wish to add to the Forward Plan.

Reason

To ensure the Committee can seek assurances on any aspect of the council's internal control environment in accordance with its roles and responsibilities.

Contact Details

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Debbie Mitchell
Corporate Finance & Commercial
Procurement Manager
(Interim S151 officer)
Telephone: 01904 554161

**Report
Approved**



Date 6/12/2019

Specialist Implications Officers

None

Wards Affected: Not applicable

For further information please contact the author of the report

Background Papers:

None

Annex:

Shareholder Committee Forward Plan to December 2020

Shareholder Committee Draft Forward Plan to December 2020

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Item	Lead officers	Other contributing Organisations	Scope
Committee 31 March 2020			
Veritau business plan	Max Thomas	Veritau	To agree the business plan for the year ahead
Make it York business plan	Neil Ferris	Make it York	To agree the business plan for the year ahead
Yorwaste / SJB Recycling business plan	Neil Ferris	Yorwaste	To agree the business plan for the year ahead
City of York Trading Ltd business plan	Trudy Forster	CYT Ltd	To agree the business plan for the year ahead
YPO business plan	Debbie Mitchell	YPO	To agree the business plan for the year ahead
Committee 22 September 2020			
Veritau performance update	Max Thomas	Veritau	To review the mid year performance
Make it York performance update	Neil Ferris	Make it York	To review the mid year performance
Yorwaste / SJB Recycling performance update	Neil Ferris	Yorwaste	To review the mid year performance
City of York Trading Ltd performance update	Trudy Forster	CYT Ltd	To review the mid year performance
YPO performance update	Debbie Mitchell	YPO	To review the mid year performance
Committee 24 November 2020			
Veritau outturn	Max Thomas	Veritau	To review the annual outturn

Make it York outturn	Neil Ferris	Make it York	To review the annual outturn
Yorwaste / SJB Recycling outturn	Neil Ferris	Yorwaste	To review the annual outturn
City of York Trading Ltd outturn	Trudy Forster	CYT Ltd	To review the annual outturn
YPO outturn	Debbie Mitchell	YPO	To review the annual outturn