

Meeting	Shareholder Committee
Date	14 October 2024
Present	Councillors Lomas (Chair), Douglas [withdrew 16:42-16:57] and Kilbane (Substitute) [from 16:42-16:57].
In Attendance	Councillor Ayre (Leader of the Lib Dem Group)
Officers Present	Helen Whiting, Chief Officer HR and Support Services Patrick Looker, Head of Service Finance Andy Laslett, Strategic Services Manager Dan Moynihan, Senior Lawyer (Contracts and Commercial) and Deputy Monitoring Officer
External Visitors	Sandy Boyle, Managing Director (Yorwaste Ltd) Karen Bull, Managing Director (City of York Trading Ltd) Simon Hill, Managing Director (YPO) Sarah Loftus, Managing Director (Make It York) Tony Spinks, Head of Finance (Make It York) Max Thomas, Chief Executive (Veritau)

9. Declarations of Interest (16:32)

Members were asked to declare at this point in the meeting any disclosable pecuniary interests or other registerable interests they might have in respect of business on the agenda, if they had not already done so in advance on the Register of Interests.

With reference to agenda item 8 (Make It York), Cllr Douglas declared that she was now a council-nominated director of Make It York, and as such would withdraw from the meeting for the duration of that item.

[The committee adjourned briefly from 16:34 to 16:37 due to a technical problem with the microphone system].

10. Minutes (16:38)

Resolved: That the minutes of the last meeting held on 24 June 2024 be approved and signed by the Chair as a correct record.

11. Exclusion of Press and Public (16:39)

Resolved: That the public and press be excluded from the meeting during consideration of Agenda Item 7 Appendix 1, Agenda Item 8 Appendix 2, and Agenda Item 9 Annex A 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.

[The committee adjourned briefly from 16:40 to 16:41 while the technical problem with the microphone system was resolved].

12. Public Participation (16:42)

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

13. Yorwaste Ltd Finance Update (16:57)

The Managing Director of Yorwaste Ltd provided members with an update on the company's financial performance, covering the year-end accounts for 2023-24 and an update on trading during the present financial year.

In response to questions from the committee it was noted that:

- Although landfill gas revenues had fallen, costs had been controlled through reduced infrastructure costs, retention of third-party recycling, and increased commercial sales. The company was cautiously optimistic of an improved profit on last year. While the accounts showed an increased tax charge, this did not represent a tax outflow from the business due to accumulated tax losses and capital charges.
- The recycling market was volatile and prices had dropped recently. The higher the quality and cleanliness of recycling, the higher the price would be. York did relatively well in terms of recycling cleanliness; there were higher contamination rates in commercial recycling, for which there were plans in place.

- The company was prepared to support City of York and North Yorkshire's strategies in respect of the government's Simpler Recycling Strategy and would look to invest to expand capacity at its Harewood facility if required. If planning permission for solar development at Harewood was granted, it was hoped that the company would net zero for electricity by 2030.
- Yorwaste had reached 250 days without any lost time injuries and achieved the RoSPA Gold Medal Award for five years of consistent performance. Accreditations including the Good Business Charter had been renewed.
- Having achieved the Armed Forces Covenant Silver Award, the company was looking to prioritise opportunities for care leavers, homeless people and former prisoners. It could be a challenge to interest young people in careers in the industry and while staff turnover had fallen overall it was highest amongst this group.
- An update on upcoming projects would be provided at the committee's next meeting.

Resolved: To note the report from Yorwaste Ltd attached at annex 1 to the report and the audited financial accounts for 2023/24 attached at annex 2.

Reason: To ensure the Council is updated on the financial performance of Yorwaste Ltd.

14. YPO Update (17:13)

The Managing Director of YPO provided the committee with an update on the company's performance. It was noted that YPO's mission was to support the provision of public services, with profits maximising the dividend which could be paid back to member local authorities. YPO was in the third year of its 'Invest for Growth' strategy, aimed at modernisation and profitability whilst recovering from the depletion of reserves during the Covid pandemic. The company had pivoted from being a catalogue retailer to online-first, while there was considerable potential for growth on the procurement services side of the business and YPO was on target to achieve a £10m profit in 2024.

In response to questions from the committee it was confirmed that:

- Thirty per cent of profits were ring-fenced for the thirteen founder members. As one of these, the council could expect to receive around £350,000 to £400,000 as a dividend this year.

- With reference to ethical trading and York's status as the UK's first UN Human Rights City, it was noted that the company's business in Dubai consisted largely of expat teachers who were already familiar with YPO. This work had come to the company coincidentally, represented a very small fraction of the overall business, and YPO did not market it.
- The company worked closely with Wakefield Council as lead authority on apprenticeships and opportunities for care leavers, having employed several of the latter over the last four years, while conversations would take place around opportunities for armed forces leavers.
- The largest positive financial impact in the year to date was a £1.1m increase in gross margin on stock. This followed investment on dynamic pricing software which benchmarked competitors' prices to provide intelligence and ensure best value for public sector customers. The largest negative impact was people costs, partly due to an increase in nationally negotiated salaries.
- In a challenging period for local authority procurement, with new regulations currently deferred until February 2025, as a central procurement function YPO was developing strategies to assist its member authorities, including a new consultancy and training function to help with capacity issues and allow authorities to reduce spending on external consultants. YPO had partnered with Go4Growth to ensure local SME supplier markets were able to fully participate in future tender and contract opportunities.
- Discussions had also taken place between YPO, the York and North Yorkshire Combined Authority Growth Hub, the York and North Yorkshire Chamber of Commerce, and the Federation of Small Businesses.
- Expenditure on social care was an issue across all member authorities, and while no individual authority had the ability to take on the market, a buying consortium potentially could through collaborative procurement solutions, and business case research was underway on this focusing on Children's Placement Services and Temporary Labour Supply. It was noted that the best outcomes for children and young people involved keeping them close to their networks and were often placed out of area due to price, which was weaponised by the private sector market.

Resolved: To note the update from YPO attached as an annex to the report.

Reason: To ensure the Council is updated on the financial performance of YPO.

15. Veritau Business Update (17:39)

Members considered an update from the Chief Executive of Veritau on the performance and trading activities of Veritau Limited and Veritau Public Sector Limited (VPS) since the last meeting of the committee.

It was noted that the main focus of work in that period had been the creation of VPS which commenced trading on 1 August 2024; VPS was a Teckal company providing assurance services to four member councils, with two more expected to join in the coming months. As part of the governance arrangements for VPS, each member council was required nominate an officer to serve as its representative on the members' committee. In the case of Veritau Limited, draft accounts showed a loss due to pension adjustments, but the company had made an operating profit of £52,000 for 2023-24, had achieved its expected business development targets, had its Good Business Charter accreditation renewed, and continued to gain new clients. An annual report had just been approved and would be brought to the next meeting of the committee.

In response to questions from the committee it was noted that member councils were being asked to approve the admission of Bradford Children and Families Trust as a member of VPS, and confirmed that such trusts often sought assurance services from independent providers rather than through their own council. In relation to ambitions for the business, it was noted that VPS was a 'not for profit' company providing services to members and was not looking to make any dividend; the commercial side, Veritau Limited, represented around 20% of the business and it was an ambition to drive this forward in future and increase profits.

Resolved:

- i. To note the draft accounts of Veritau Limited for 2023/24.
- ii. To note the performance of both Veritau Limited and Veritau Public Sector Limited in 2024/25 to date.
- iii. To approve the appointment of Bryn Roberts (Director of Governance) as the Veritau Public Sector Limited members' committee representative.
- iv. To approve the admission of Bradford Children and Families Trust as a member of Veritau Public Sector Limited, on a date to be agreed.

Reason: To enable members to assess the performance of Veritau against the approved business plan and to consider certain governance matters relating to Veritau Public Sector Limited.

16. Make it York (16:42)

The Managing Director and Head of Finance of Make It York (MIY) provided the committee with an update on the company's performance from April to September 2024. It was noted that a strong financial performance had brought MIY back into solvency, and the company was ahead of budget for the current financial year. Interviews for a new chair were taking place later in the month. MIY was focusing on membership retention, which was at a record high of 93%, and had achieved Good Business Charter accreditation for the second year running. Online reach had gone from strength to strength, with the recent Hallowe'en campaign reaching over a million people in its first three days. This year the company was focusing particularly on attracting international tourists back to York and this work was already proving successful.

In response to questions from the committee it was noted that despite challenges over recent years, and excluding a successful Covid insurance claim, MIY had made an operating profit for 2023-24 of £57,900. A saving in salaries in the published accounts was due to vacancies waiting to be filled. It was also noted that Durham, which had seen a substantial increase in total visitor numbers since 2022 as indicated in Annex A to the report, had received additional funding as a member of Visit England's Destination Development Partnership (DDP) pilot scheme.

[Cllr Douglas withdrew from the meeting for the duration of this item and was substituted by Cllr Kilbane. Between 16:49 and 16:56 the press and public were excluded from the meeting during consideration of Appendix 2 to the report].

Resolved: To note the MIY Shareholder Report at Annex A and the supporting documents from Appendix 1 to Appendix 3 supplied by MIY.

Reason: To ensure the Council is updated on the financial performance of Make It York.

17. City of York Trading Ltd Update October 2024 (17:51)

The committee considered a performance update presented by the Managing Director of City of York Trading Ltd (CYT). It was noted that approved annual accounts would be presented at the next meeting of the committee. Following Executive approval in July 2024, CYT was working

alongside officers to set up a new company which it was anticipated would provide services from the start of the next financial year. CYT would comply with new statutory guidance for local authorities on the use of agency children and family social workers. The company often filled specialist roles but wanted to open these to the widest possible range of applicants. Care leavers and armed forces veterans had been employed for various Council roles in the past. CYT's clients paid either Living Wage or Living Wage Foundation rates and conversations had taken place with the Good Business Charter around accreditation for recruitment agencies.

A correction to the report at paragraph 7, where the word 'compromises' should read 'comprises', was also noted.

[Between 17:58 and 18:15 the press and public were excluded from the meeting during consideration of Exempt Annex A to the report].

Resolved: To note the confidential performance update from City of York's Trading Ltd attached at Annex A to the report.

Reason: To ensure the Council is updated on the performance of City of York Trading Ltd.

18. Work Plan (17:58)

Members considered the committee's work plan for 2024/25.

Resolved: That the work plan be noted.

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

Cllr K Lomas, Chair

[The meeting started at 4.30 pm and finished at 6.15 pm].