

## MUNICIPAL YEAR 2016/2017 REPORT NO. 111

**MEETING TITLE AND DATE:**  
**Cabinet - 19 October 2016**

**REPORT OF:**  
Director of Health, Housing and  
Adult Social Care

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**Agenda – Part 1**

**Item: 18**

**Subject: Amendment to Governance  
Independence & Wellbeing Enfield  
(Council's Trading Company)  
Wards: All Non key**

**Cabinet Member consulted: Cllr Alev  
Cazimoglu**

### 1. EXECUTIVE SUMMARY

- 1.1 In December 2015 Cabinet agreed to the creation of a Local Authority Trading Company for directly provided Adult Social Care Services. The company launched on 1<sup>st</sup> September 2016.
- 1.2 Cabinet agreed the appointment of two successful commercial non-executive members (NED's) of the board to provide mentorship, guidance, and greater commercial credibility to the company.
- 1.3 Over 80 people applied for the positions and during the final interview stage three outstanding candidates emerged each bringing different skills and experience that the panel recognised would be of assistance to the newly formed company.
- 1.4 If an additional NED joined the executive board the governance structure would comprise four members from the Council, one from the company and 3 NED's. The Oversight Board remains intact.
- 1.5 This report is requesting approval of the appointment of 1 additional NED the executive board to enable the company to benefit from the different skills each bring.

### 2. RECOMMENDATIONS

- 2.1 That Cabinet agrees to the appointment of one additional non-executive director to the Executive Board of Independence and Wellbeing Enfield LTD

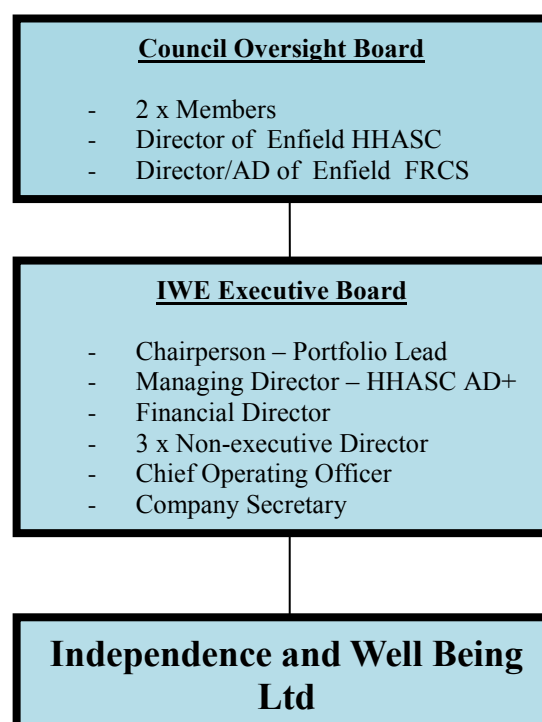
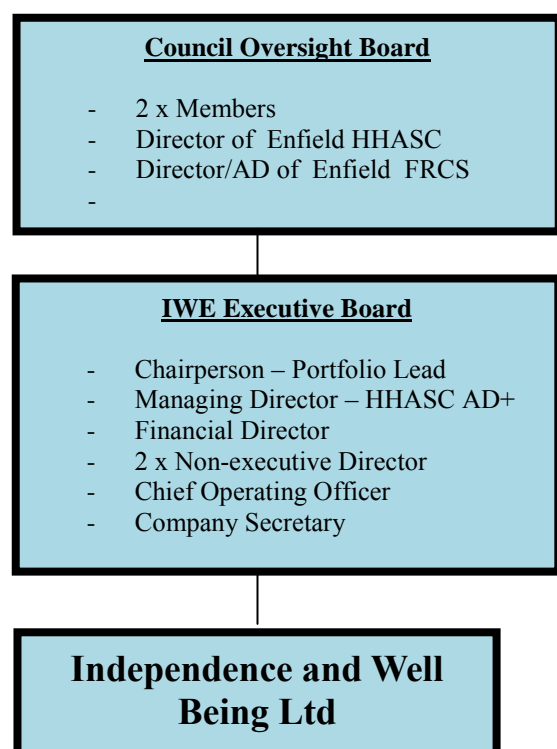
### 3. BACKGROUND

3.1 The December 2015 Cabinet report gives the full background leading up to the decision to create the company. Since then all the work has taken place to enable the launch of the company in September 2016. A full report will be brought to Cabinet 6 months from the launch to update Cabinet on progress.

3.2 The Governance structure that was agreed in December 2015 and the proposed amendment is as follows;

Current

Proposed



3.3 The Company is managed by an Executive Board which will be responsible for the operational management of the organisation. This includes a senior Enfield Council officer overseeing Managing Director responsibility, a Financial Director, Chief Operating Officer and Non –Executive Directors where it is deemed that their Commercial expertise will be of benefit to the organisation. The Executive Board will be held to account by the Oversight Board which sits within the Council. The portfolio lead, whilst not a member of the Oversight Board, will be attendance. Each Board Member reserves an equal voting right on all key decisions. A model of Quorum will ensure robust decision making by the Boards. Determination of what is considered quorate is included in the Terms of Reference for the Oversight and Executive boards.

3.4 It was agreed that experienced professionals with the relevant commercial profile are appointed in a Non-Executive capacity to provide additional

technical expertise to the Executive Board. During the recruitment process it was found that this would be better covered by three individuals who between them bring a range and depth of experience that would be beneficial to the company.

- 3.5 The Directors are responsible for the management and direction of the company. They must act as and for the company and they must ensure that the company does everything that it is legally obliged to do, such as ensuring compliance with laws (such as filing annual accounts) and entering in to and performing contracts.
- 3.6 The Directors of the services in the company will attend Council meetings as required, so decisions made are subject to the scrutiny of wider governance structures and reflect all relevant issues that relate to that service.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

That only two NED's are appointed.

#### **5. REASONS FOR RECOMMENDATIONS**

To enable the Company to benefit from a broader range of skills and experience from the commercial sector.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

The appointment of an additional Non-Executive director of the company will increase the management cost by £6,000. (from £12,000 to £18,000)

This cost will be borne by the company from within its existing budgets and therefore, there is no financial impact to the council and no adjustment to the management fee.

##### **6.2 Legal Implications**

The Company's Articles of Association are the model Articles. They are being redrafted and once redrafted will require the appointment of three non-executive directors to the Board. Paragraph 21.3 of the redrafted Articles gives the Council the right to appoint by notice in writing addressed to the Company the first two independent directors and thereafter up to two further NEDs but there must not be more than 3 NEDs at any one time.

Upon appointment, each NED will be provided with a letter of appointment setting out the duration of the appointment (2 years) and the fact that it is subject to the terms of the Articles of Association. They will be reminded

that NEDs have the same general legal responsibilities to the company as any other Director. They must exercise their powers having regard to relevant legislation, including the Companies Act 2006. They must have particular regard to general duties under Part 10 Companies Act 2006 including the duty to promote the success of the Company.

The December Cabinet decision was for the establishment of a local authority trading company in the name of Independence and Well Being Services Limited however the name chosen was Independence and Well Being Enfield. The report also gave authority to setting up an executive board structure to include two NEDs and therefore Cabinet approval is required to change the structure to include an additional NED taking the total number to three.

### **6.3 Property Implications**

None.

## **7. KEY RISKS**

- 7.1 That the Company would have to purchase additional expertise at higher cost to meet the skills gap.
- 7.2 That the Company's development could be delayed
- 7.3 That the Company does not recognise or make the most of opportunities available to it.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

A successful trading company will enable the Council to continue to provide high quality, accessible services to all in a challenging financial environment.

### **8.2 Growth and Sustainability**

Forming a trading company will assist with the retention of Council staff in the areas selected for trading, and will, provide sustainable employment opportunities. As 60% of the Council's staff live in the Borough, potentially 60% of staff who transfer to the Trading Company are subsequently likely to live and work in the Borough.

The Success of the Trading Company lies within effective use of it's resources and capabilities to facilitate growth within Enfield and neighbouring boroughs.

### **8.3 Strong Communities**

A number of Independence and Well Being buildings are already being utilised by community groups.

Outreach and several equipment offers focus on vulnerable people continuing to be part of their community. Significant attention is assigned to reduce the likelihood that citizens will need to leave their homes as their needs become more complex.

## **9. PERFORMANCE MANAGEMENT IMPLICATIONS**

Forming a trading company has the potential for improving performance of the selected services through a greater focus on efficient, effective service delivery and providing improved value for money. Shadow Trading and the development of a comprehensive Management Information dashboard has prepared the service infrastructure for need to continue to grow and improve.

## **10. HEALTH AND SAFETY IMPLICATIONS**

The management agreement between the Council and the Trading Company will require the company to comply with all Health and Safety regulations. The estate has significant experience in Managing Health and Safety, Quality Standards and CQC registered services.

## **11. PUBLIC HEALTH IMPLICATIONS**

The current in house Well Being Services offer a variety of activities aimed at reducing the burden of ill health for vulnerable people. This includes activities to increase levels of physical activity and improve nutrition.

Through the proposed LATC the Council has identified a means whereby it can offer independence and wellbeing services more widely with the potential for income generation.

Wellbeing services has an obvious benefit to service user and carers in increasing health and potential respite to Carers. If the LATC is successful as other examples have been these benefits will increase. There will be a need for the Council to monitor the development of the LATC to ensure a) these benefits are realised and b) that if the company is not successful there are contingency plans to protect vulnerable residents

## **Background Papers**

None.