

MINUTES OF THE MEETING OF THE SHAREHOLDER BOARD HELD ON TUESDAY, 24TH APRIL, 2018

COUNCILLORS:

Present: Councillors Daniel Anderson (Cabinet Member for Environment), Yasemin Brett (Cabinet Member for Community, Arts & Culture) and Achilleas Georgiou (Deputy Leader of the Council)

Absent: Councillor Krystle Fonyonga (Cabinet Member for Community Safety and Public Health)

Officers:

Jeremy Chambers (Director of Law and Governance), Nicky Fiedler (Assistant Director - Commercial, Regeneration and Environment) and James Rolfe (Executive Director of Finance, Resources and Customer Services), Jacqui Hurst (Secretary)

1. APPOINTMENT OF CHAIR

AGREED, that Councillor Yasemin Brett (Cabinet Member for Community, Arts and Culture) be appointed as Chair of the Shareholder Board for the remainder of the municipal year 2017/18.

2. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Krystle Fonyonga (Cabinet Member for Community Safety and Public Health).

3. DECLARATION OF INTEREST

There were no declarations of interest in respect of any items listed on the agenda.

4. URGENT ITEMS

NOTED, that the reports listed on the agenda had been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2012. These requirements state that agendas and reports should be circulated at least 5 clear days in advance of meetings.

SHAREHOLDER BOARD - 24.4.2018

5. TERMS OF REFERENCE

Councillor Yasemin Brett introduced the report of the Executive Director of Finance, Resources and Customer Services (No.187) seeking approval to the terms of reference of the Shareholder Board.

NOTED

1. That Cabinet had agreed to create a Shareholder Board at its meeting on 14 February 2018 and had agreed terms of reference at that time. Following this, further work had been done to understand best practice at other councils that already had similar existing boards. As a result, the terms of reference had been amended to reflect this.
2. The amendments to the terms of reference were highlighted and explained. Within the role of the Board it had been made clear that the Board had an oversight role and that operational decisions were the responsibility of respective companies and their directors. Additional points had been added at sections 13 and 14 of the terms of reference to clarify the role of the Board with regard to “teckal” and “non-teckal” companies, as explained in section 5 of the report.
3. In response to questions raised by Members, the status and role of a “teckal” company was fully explained and illustrations provided.
4. Following issues highlighted, it was agreed that an officer presentation be provided to the next Shareholder Board meeting including a brief guide on teckal and non-teckal companies; the different types of company and, the rationale for their establishment; and, related issues such as procurement requirements.
5. Members were provided with background information regarding the need for and purpose of the companies which had been established; and, noted that the Council was currently in the process of producing its first commercial strategy.
6. A discussion took place on various aspects of the existing companies; the models that had been adopted; the control that the Council had over the companies; the legal implications for the local authority; and, the proposals in going forward.
7. In response to questions raised, the time commitment required of Board Directors on the individual companies was considered in detail. It was noted that the commitment would vary between the companies and would be affected by a range of factors including the stage of development of each company. In moving forward, Officers could consider the development of a job description for company directors setting out minimum expectations to be met and clarifying any issues of concern raised by Members. Background information on this matter

SHAREHOLDER BOARD - 24.4.2018

would be included in the presentation to the next Shareholder Board meeting specifically addressing the role of Councillors appointed as Company Board Directors. This issue was particularly highlighted in view of the proposal to require only one Councillor Director to be appointed to each company board.

8. Members discussed the differences between the existing companies including their current status and potential development.

Alternative Options Considered: NOTED, that alternative options would have been to continue with the existing draft Terms of Reference. However, this would ignore learning from other councils and further clarification to the Board's role.

DECISION: The Shareholder Board agreed the amended terms of reference of the Board, as set out in Appendix 1 to the report.

Reason: To agree the terms of reference for the Shareholder Board reflecting best practice of other councils and clarifying the role of the Board.
(Non key)

6. COMPANY GOVERNANCE - IMPLEMENTING THE SHAREHOLDER BOARD

Councillor Yasemin Brett introduced the report of the Director of Law and Governance (No.188) setting out the company governance arrangements.

NOTED

1. That the Shareholder Board had been established as a sub-committee of Cabinet on 14 February 2018 to take on oversight and directional responsibilities for all of the Council's wholly owned companies.
2. That the report set out at paragraph 2.5 a number of actions which needed to be taken by the Council's companies to accommodate the role of the Shareholder Board. The template letters attached as Appendices 2 and 3 of the report were noted.

Alternative Options Considered: Do nothing. The companies continued to operate without proper directional oversight from Cabinet. This option would not improve governance and strategic alignment with the Council's objectives and between the entities.

DECISION: The Shareholder Board agreed

1. To approve the content of the template letters attached at Appendices 2 and 3 of the report.

SHAREHOLDER BOARD - 24.4.2018

2. That the template letter attached at Appendix 2 to the report be sent to the Council's wholly owned companies.
3. That the template letter attached at Appendix 3 to the report be sent to the Council's joint venture companies.
4. To delegate signing of the aforementioned letters to the Assistant Director – Commercial, Regeneration and Environment.

Reason: The recommendations would strengthen the exercise of control and influence over the companies and secure the best use of resources as shareholder, helping to manage risk and ensure the companies were contributing to the Council's wider objectives.

(Non key)

7. REPORTING TEMPLATE

Councillor Yasemin Brett introduced the report of the Executive Director of Finance, Resources and Customer Services (No.189) setting out a draft reporting template to monitor the performance of the Council's companies.

NOTED

1. That the Reporting Template attached as Appendix 1 to the report outlined a suggested method of monitoring the performance of the Council's companies. This updated a draft reporting template previously considered by Cabinet at the February 2018 meeting.
2. That section 5 of the report set out the changes which had been made to the original proposed template based on research of other councils. The changes were explained in detail to the Members. A request was made for the template to include a section on Equalities.
3. In response to questions raised, Officers outlined the controls and practice that existed to deter the use of zero hour contracts by the companies and ensure payment of the London Living Wage. Officers undertook to provide more detail and assurance to the Members on these specific issues in order to address their concerns.
4. A discussion followed on the information that would be provided to the Shareholder Board and how they could effectively monitor a range of issues including customer satisfaction with company performance, both positive and negative. Officers outlined the range of information that would be coming to future meetings of the Shareholder Board and the distinct roles of the Shareholder Board and the Company Boards.
5. That the template was based on best practice of other local authority Shareholder Boards. The effectiveness of the template could be reviewed and amended in the future as felt necessary. Members

SHAREHOLDER BOARD - 24.4.2018

supported the proposal to review the template following six months of operation, as reflected in the decision below.

6. In response to issues raised, Members were advised of the purpose and stage of development of each of the companies, the work being undertaken, and the proposals in going forward.

Alternative Options Considered: NOTED, that the review carried out by Grant Thornton had noted that: "at Birmingham City Council the equivalent Committee did not prescribe a specific template; it was the responsibility of each entity to ensure that the Committee was appraised of key facts." This would be an alternative option to prescribing a template. However from research, a template appeared the most common method of ensuring that Shareholder Boards had access to key facts and was most likely to ensure complete and consistent access to relevant information.

DECISION: The Shareholder Board agreed the draft Reporting Template attached as Appendix 1 to the report subject to the inclusion of an Equalities section and a review of the effectiveness of the template following six months of implementation.

Reason: A reporting template was required in order to ensure that information was passed between companies and the Shareholder Board, allowing the Board to exercise its oversight function.

(Non key)

8. SHAREHOLDER BOARD WORK PROGRAMME 2018/19

Councillor Yasemin Brett introduced the report of the Executive Director of Finance, Resources and Customer Services (No.190) seeking approval to the 2018/19 Shareholder Board work plan.

NOTED

1. That the draft work plan submitted to Cabinet in February 2018 had been updated, as outlined in section 5 of the report and set out in the Appendix to the report.

Alternative Options Considered: NOTED, that the draft work plan previously submitted to Cabinet had been updated based upon time constraints sequencing. Reasons for diversion from the previous draft were set out in the report.

DECISION: The Shareholder Board agreed the 2018/19 work plan.

Reason: To agree the 2018/19 work plan.

(Non key)

SHAREHOLDER BOARD - 24.4.2018

9. MEMBERSHIP OF THE SHAREHOLDER BOARD - RECRUITING CO-OPTED NON-LOCAL AUTHORITY SHAREHOLDER BOARD MEMBERS

Councillor Yasemin Brett introduced the report of the Executive Director of Finance, Resources and Customer Services (No.191) seeking approval to the criteria for recruiting co-opted non-local authority members to the Shareholder Board.

NOTED

1. That Appendix 1 to the report outlined the suggested criteria for recruiting the co-opted non-local authority members.
2. Officers clarified the role of the co-opted members and set out the contribution that they could make to the Shareholder Board in going forward. In response to questions raised, the work undertaken by the Non-Executive Directors on the Company Boards was outlined including the time commitments and the expertise and professional advice that they could offer.
3. Councillor Daniel Anderson expressed a particular concern regarding the proposed payment to the co-opted non-local authority members. It was noted that the specific payment had not yet been agreed and had not been addressed in detail in the earlier report to Cabinet in February 2018.
4. Following further discussion it was agreed that this matter be deferred for consideration at the next meeting. The issues raised by Members would be addressed and more detailed information provided to the Board on the criteria for such recruitment. Officers outlined the ways in which suitable candidates could be sought for such positions.

Alternative Options Considered: NOTED, that the alternative option would be to continue the Board without the co-opted non-local authority members. This option would mean that the board would not benefit from the advice and commercial experience that could be offered by the co-opted members.

Reason: To help the Shareholder Board to exercise its oversight functions in respect to the Council's wholly owned companies.
(Non key)

10. DATES OF FUTURE MEETINGS

NOTED, that members of the Shareholder Board would be advised of dates for the new municipal year following approval of the Council's calendar of meetings 2018/19.