

MINUTES OF THE MEETING OF THE SHAREHOLDER BOARD HELD ON WEDNESDAY, 3RD OCTOBER, 2018

MEMBERS: Councillors Nesil Caliskan (Leader of the Council), Daniel Anderson (Deputy Leader of the Council), Alev Cazimoglu (Cabinet Member for Health & Social Care), Dino Lemonides (Cabinet Member for Housing), Mary Maguire (Cabinet Member for Finance & Procurement) and Ahmet Oykener (Cabinet Member for Property and Assets)

Officers:

Nicky Fiedler (Director of Commercial), Jeremy Chambers (Director of Law and Governance), Jayne Middleton-Albooye (Head of the Legal Services) (for items 1 – 5), Simon Gardner (Head of Shareholder Strategy), Jessie Lea (Head of Strategic Property Service), Clare Paine (Legal Services), Jacqui Hurst (Secretary)

Company Representatives also attending:

Councillor Tim Leaver (Housing Gateway Ltd.), Kayt Wilson (Housing Gateway Limited and Enfield Innovations Ltd.), Joanna Embling (Housing Gateway Ltd. and Enfield Innovations Ltd.), Jayne Clare (Energetik), Michael King (Energetik), Julia Glenn (Independence and Well Being)

1. APPOINTMENT OF CHAIR

AGREED, that Councillor Nesil Caliskan (Leader of the Council) be appointed as Chair of the Shareholder Board for the municipal year 2018/19.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATION OF INTEREST

There were no declarations of interest.

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.

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5. TECKAL PRESENTATION

Members of the Shareholder Board received a presentation from Clare Paine (Legal Services) providing a brief introduction to Teckal Companies.

NOTED

1. the Regulations which the Council had to comply with (Public Contracts Regulations 2015) and the "Teckal exemption" which could be applied. Members were advised of the rationale and the tests that were applied, as set out in the presentation slides attached to the agenda.
2. Councillor Caliskan thanked Clare for a concise and informative presentation and invited questions from Members of the Board.
3. A discussion followed on a number of potential scenarios and clarification provided to Members in response to issues raised.

6. COMPANY DIRECTORS - JOB DESCRIPTION AND ROLES AND RESPONSIBILITIES

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Commercial Director (No.78) presenting for consideration a job description setting out the roles and responsibilities of Council Company Directors.

NOTED

1. that at its meeting on 24 April 2018, the previous Shareholder Board had asked officers to develop a job description for Council Company Directors, attached as Appendix 1 to the report.
2. that following a comprehensive governance review which had identified potential conflicts of interest, Cabinet Members were no longer appointed as Directors of the Council's Companies. New Councillor appointments had been made to the role of Company Director as the Council representative.
3. in response to issues raised, a discussion took place on potential conflicts of interest and, the potential liabilities of a company director.
4. the role of the Shareholder Board was considered, including the need to set the strategic direction of the companies and, to provide clear aims and responsibilities.
5. the need to ensure that appropriate training was provided to those appointed to this role.
6. that it was important to ensure that all company directors had a clear understanding of the liabilities which existed. The issue of appropriate

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insurance was highlighted. Members' attention was drawn to the section in the job description which clearly set out the "protection against personal liability".

7. the importance of acting in "good faith" and on the advice of relevant professionals.
8. Members acknowledged the important issues which had been raised in discussion and highlighted the need to provide suitable training to the Council representatives on the Companies. The Shareholder Board would have an important role in developing the direction and strategy of the companies going forward.

Alternative Options Considered: None, Councillors would be appointed and a Job Description would give guidance to those appointed.

DECISION: The Shareholder Board agreed to approve the job description, appendix 1 to the report, and noted that training would be required for those fulfilling the Company Board Directors role.

Reason: A Job Description would give those newly appointed some guidance in their role and allow training to be identified to support the individuals concerned.

(Non key)

7. COMPANY REPORTS

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Commercial Director (No. 79) providing the updates and progress reports of the Companies.

NOTED

1. the reports which had been received from Housing Gateway Ltd, Enfield Innovations, Energetic, and Independence and Wellbeing Enfield Ltd. The Leader invited the company representatives to present their reports to the Board in turn, as follows:

2. **Housing Gateway Limited**

Councillor Tim Leaver (Council representative on Housing Gateway Limited)

Kayt Wilson (Head of Commercial Entities – Housing Gateway Limited and Enfield Innovations Ltd)

Councillor Leaver reported that he was a newly appointed Company Director and therefore had not been involved in the Company for the period covered by the report for the year end 31 March 2018.

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Councillor Leaver presented the report and a detailed discussion followed including the issues set out below:

- Housing Gateway Ltd had been very successful; it had exceeded expectations in reaching its target to purchase 500 units 15 months early. The resulting savings to the Council in moving families out of expensive nightly paid accommodation was significant, as set out in the report.
- The strategic aims of the Company, its past performance and future targets were discussed. Members were advised of the Company's target for future housing purchases.
- The financial performance set out in the report was noted. It was also explained that these figures were now out-of-date and that the Company's audited accounts would provide a more current picture of the Company's financial position. Councillor Leaver highlighted the relevant financial information for Members' consideration and explained areas that had subsequently changed; including an accounting adjustment on the value of the property portfolio following a valuation audit. Members stated the importance of an accurate valuation of the assets to determine future growth potential and borrowing dependency.
- A detailed discussion took place on the Company's accounts and the aspirations in moving forward.
- The operational performance of the Company was noted including customer satisfaction levels and issues of health and safety as set out in the report. The issues in relation to Brickfield House were considered in detail. Kayt Wilson provided Members with a detailed update on the work that had been and was continuing in conjunction with the Fire Brigade and Savills. It was noted that the outcome of the work being undertaken would be presented to the next Company Board meeting for consideration, and agreement on the way forward on the most suitable option in terms of risk and cost. Members expressed their views to the Company's representatives and the need to minimise any risks and ensure the safety of residents.
- In relation to the customer satisfaction levels, results were due to be considered by the Housing Gateway Ltd Board and would be included in further reports to the Shareholder Board. In going forward comparative and benchmarking information should be included.
- Members highlighted the importance of clearly explaining to the tenants of these properties their housing status and future options. The Council would like to re-use the properties and so encourage residents to find alternative accommodation; whilst Housing Gateway Ltd would prefer to minimise void periods by reducing the turnover of residents. It was important to consider the next stage of housing provision, in accordance with the Council's housing strategy.
- In response to issues raised, it was explained that all properties purchased were renovated to a high standard. Members

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highlighted the importance of maintaining the quality standards and, ensuring that required repairs were undertaken.

- In conclusion, Councillor Caliskan thanked the Company representatives for their presentation and attendance, noted the main issues which had been highlighted; and, the role that the Shareholder Board would have in guiding the future direction of the Company; and, the further discussions that would be required.

3. **Enfield Innovations Ltd.**

Joanna Embling (Independent Director of Enfield Innovations Ltd.)

Kayt Wilson (Head of Commercial Entities – Housing Gateway Limited and Enfield Innovations Ltd)

Joanna Embling presented the report and a detailed discussion followed including the issues outlined below:

- The purpose of the Company and its strategic aims were outlined, as set out in the report. Members noted in detail the past performance of the Company, the difficulties that had been experienced and steps taken to move forward. Looking ahead, a contract had been signed with Savills to dispose of the Enfield Innovations Ltd. (EIL) units that were in construction; the properties would be launched on to the market in October 2018.
- The need to be aware of the confidential nature of certain issues in relation to the Company; in the future there would be a part two (exempt information) discussion at the Shareholder Board meeting to enable more detailed consideration as appropriate.
- Kayt Wilson outlined to Members the actions which had been taken by the Company with the agreement of the Council, and the background to the issues which had arisen.
- As and when required, reports would be presented to the Cabinet and/or Shareholder Board for consideration and agreement.
- That further consideration would be required, and clear direction provided to the Company, on how the Company should develop in going forward.
- The need for more detailed reports from the Companies in the future to ensure that the Shareholder Board had comprehensive and detailed information for consideration and determination.
- In conclusion, Councillor Caliskan thanked the Company representatives for their presentation and attendance, noted the main issues which had been highlighted; and, the role that the Shareholder Board would have in guiding the future direction of the Company; and, the further discussions that would be required.

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4. Energetik

Jayne Clare (Managing Director - Energetik)
Michael King (Non-Executive Director - Energetik)

Jayne Clare presented the report and a detailed discussion followed including the issues set out below:

- Members received a comprehensive review of the information and issues contained within the Company's report and matters highlighted for their consideration. The strategic aims, success and future initiatives were included.
- The customer figures were outlined together with future projections that were in progress.
- The Company accounts were currently being audited. Any significant financial issues were highlighted for Members' information.
- In response to questions raised, a discussion took place on the Company's business plan and budget projections going forward and whether this had altered from the original plan. Clarification was also sought as to whether the delay in the Meridian Water project would have an adverse effect on the Company's projections. Jayne Clare outlined the detailed future projections to Members over the short and long-term. It was felt that Energetik's business case was sound.
- Members' sought further clarification on the impact of slippage on other smaller regeneration projects and the cost implications for Energetik. The Company representatives explained the financial implications in detail and provided assurance on the plans in place.
- The Government targets and future heating requirements were considered in the context of the Council's investment and Energetik's business plan.
- Members stated the need for the Shareholder Board to be informed and assured of the strategic aims of the Company in going forward and, highlighted the importance of tackling fuel poverty and the carbon footprint of the Borough.
- The on-going discussions on the future expansion of Energetik's energy provision to other customer bases. Michael King gave examples of other similar Companies elsewhere.
- Members' noted the potential future developments for the Company and anticipated timescales for discussions and delivery.
- In conclusion, Councillor Caliskan thanked the Company representatives for their presentation and attendance, noted the main issues which had been highlighted; and, the role that the Shareholder Board would have in guiding the future direction of the Company; and, the further discussions that would be required.

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5. Independence and Well Being

Julia Glenn (Director of Innovation - Independence and Well Being Ltd.)

Julia Glenn presented the report and a detailed discussion followed including the following issues:

- The purpose and aims of the Company and the developments which had taken place and, those planned for the future.
- The financial performance of the Company as set out in the report; the Company accounts were currently being audited. The savings achieved were noted.
- The growth of the Company and the challenges which were faced in the delivery of a diverse range of services to adults.
- Julia Glenn outlined in detail the performance to date; the challenges faced and lessons learnt; and, the opportunities for the Company in its future development, for example, within the private sector and other local authorities.
- The new initiatives for generating revenue income and marketing opportunities.
- Members' request that future reports provide more defined aims and clarity in the strategic aims and business model of the Company.
- Councillor Cazimoglu, as the previous Chair of the Company Board, outlined the original purpose of the Company, the reasons for its establishment and the financial implications for the Council in such provision.
- Julia Glenn praised the progress of the Company to date and highlighted the opportunities in looking ahead.
- In conclusion, Councillor Caliskan thanked the Company representative for her presentation and attendance, noted the main issues which had been highlighted; and, the role that the Shareholder Board would have in guiding the future direction of the Company; and, the further discussions that would be required.

6. following consideration of the Company reports, Members asked that the future reporting template be developed further to ensure consistency and clarity in the information being provided; including the details of the Company Board memberships; the need to avoid the use of jargon and assumed knowledge; and, the provision where appropriate of part two reports which required confidential discussion.

7. Councillor Lemonides requested that a report on Enfotec be provided to a future meeting of the Shareholder Board.

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Alternative Options Considered: None. The Shareholder Board had been created by Cabinet and required reports from the companies to be able to ensure the Council's Shareholder function was delivered.

DECISION: The Shareholder Board agreed to note the updates and progress of the Companies as set out in the report.

Reason: Members were asked to note progress as part of its responsibility as the sole shareholder of the companies.
(Non key)

8. CORPORATE LANDLORD RESPONSIBILITIES

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director of Property (No. 80) providing an update on the Council's Corporate Landlord responsibilities and the timescale for completing leases and licence agreements for properties currently occupied and used by Housing Gateway Ltd, Enfield Innovations Ltd, Lee Valley Heat Network Ltd and Enfield Independence and Wellbeing Ltd, all four were local authority trading companies set up by the Council.

NOTED

1. Jessie Lea (Head of Strategic Property Services) outlined the report to Members and the proposals going forward. The Local Authority Trading Companies (LATC's), as detailed in the report, were dependent on the use of operational property and good office accommodation owned by the council.
2. Members were advised of the requirements of the Council's Property Procedure Rules and, that the leases and licences being prepared would be in a form approved by the Director of Law and Governance. These documents would provide clarification in going forward and would provide a clear mechanism in determining issues such as future rent reviews.
3. that the current rent for the properties outlined in the report would produce an income to the Council of £709,080 per annum.

Alternative Options Considered: No alternative options had been considered as the requirements for occupying Council property were clearly stated within Property Procedure Rules.

DECISION: The Shareholder Board agreed to note the contents of the report and, that the leases and licences granted to the Local Authority Trading Companies (LATCs) were to be in a form approved by the Director of Law and Governance.

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Reason: To inform the Shareholder Board of their Corporate Landlord Liabilities and provide an update on the timescale for the finalisation of outstanding leases and licences for Local Authority Trading Companies.

(Non key)

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

Councillor Nesil Caliskan (Leader of the Council) advised those present that the report of the Commercial Director (No.81) had been withdrawn from the agenda. Members felt that the recruitment of co-opted non-local authority Shareholder Board Members was not necessary at this time. The matter would be re-considered in the future if required.

10. SHAREHOLDER BOARD WORK PLAN

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Commercial Director (No.82) seeking approval to the Shareholder Board workplan.

NOTED

1. that Members' approval was sought to the Shareholder Board workplan for 2018/19 and their comments on any proposed additional items for consideration.
2. that the workplan would need to be re-visited as the work of the Shareholder Board developed. The Board would need to consider the future strategic direction of the Companies and provide key documents for Companies to refer to.
3. that the Shareholder Board should consider the development of a Plan with strategic aims and objectives, in a similar format to the Council's Corporate Plan. A clear and comprehensive document would need to be developed for the Board and the Companies to refer to in the future and to guide future development.
4. a specific request was made for a future meeting to include a presentation on "State Aid" to cover both general and specific company information.

Alternative Options Considered: None. The Shareholder Board had been created by Cabinet and required an agreed work plan.

DECISION: The Shareholder Board agreed that the 2018/19 workplan would be further considered and developed in the light of discussion and, the issues outlined above.

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Reason: Since the Council Election in May 2018, the membership of the Shareholder Board has been changed. A review of the work plan by the new Board membership was therefore thought prudent.

(Non key)

11. MINUTES OF PREVIOUS MEETING

AGREED, that the minutes of the previous meeting of the Shareholder Board held on 24 April 2018 be confirmed and signed by the Chair as a correct record.

12. DATES OF FUTURE MEETINGS

NOTED

1. that future meetings of the Shareholder Board had been scheduled to take place on:

Tuesday 29 January 2019 at 7.00pm
Tuesday 2 April 2019 at 7.00pm
2. the meeting scheduled for Wednesday 31 October 2018 would not be required and had been cancelled.