

MINUTES OF THE MEETING OF THE SHAREHOLDER BOARD HELD ON TUESDAY, 25TH JUNE, 2019

MEMBERS: Councillors Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Alev Cazimoglu (Cabinet Member for Health & Social Care), Mary Maguire (Cabinet Member for Finance & Procurement) and Gina Needs (Cabinet Member for Social Housing)

Officers:

Nicky Fiedler (Director - Commercial), Matt Bowmer (Interim Director of Finance), Claire Paine (Legal Services) and Will Wraxall (Shareholder and Commercial Partnerships Manager), Jacqui Hurst (Governance and Scrutiny Team)

Also Attending:

Councillor Tim Leaver (for Housing Gateway Ltd.)
Mark Bradbury (for Enfield Innovations Ltd.)
Jayne Clare and Ian Guest (for Energetik)

1. APPOINTMENT OF CHAIR FOR THE MUNICIPAL YEAR 2019/2020

AGREED that Councillor Nesil Caliskan (Leader of the Council) be appointed as Chair of the Shareholder Board for the municipal year 2019/20.

2. APOLOGIES FOR ABSENCE AND CHANGE IN THE ORDER OF THE AGENDA

There were no apologies for absence.

Councillor Nesil Caliskan (Leader of the Council) advised Members that the order of the agenda would be varied to enable the part one and part two reports of each company to be considered together. The press and public were excluded from the meeting for the discussion of the part two reports. The minutes follow the order of the published agenda.

NOTED that Officers and Company Representatives should attend for the start of the meeting and be present for the consideration of their reports as appropriate.

3. DECLARATION OF INTERESTS

There were no declarations of interest from members of the Shareholder Board in respect of any item listed on the agenda.

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Matt Bowmer (Interim Director of Finance) advised Members of his roles with Enfield Innovations Ltd. and Housing Gateway Ltd. Future meetings would be attended by the Executive Director – Resources.

4. ENFIELD INNOVATIONS LTD. BUSINESS PLAN 2019-20

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.11) summarising the content of the business plan produced by Enfield Innovations Ltd. (EIL), the Council's wholly owned regeneration company.

NOTED

1. That Report No.16 also referred as detailed in Minute No.12 below.
2. That the Business Plan covered a period of one year. In July 2017, Cabinet had approved the sale of the 57 properties in which EIL maintained an interest. 17 of these properties had been sold to the HRA. The disposal strategy for the remaining 40 properties was set out within the Business Plan, Report No.16, Minute No.12 below referred. It was recommended that Cabinet approve the Business Plan, as detailed in decision 1 below.
3. That a detailed discussion took place on the proposals for the 40 remaining properties as set out in the report. Mark Bradbury, Managing Director for Enfield Innovations Ltd., was present for this item and provided clarity on the proposed way forward regarding the disposals in response to questions raised by Members. The timescales and risks were noted, as detailed in the report. Members noted the proposals for the sale of properties to a housing association. The additional information provided at the meeting that now two properties would be sold to the HRA. Members sought clarification on where the substitution on the HRA properties would be from. The remaining properties to be sold individually, as set out in the report. The nomination rights and rental schemes to be offered were discussed, Minute No.12 also referred, with a detailed discussion in part two containing exempt information.
4. That the business plan would be updated in the light of recent developments, as outlined in discussion, prior to its submission to Cabinet for approval (Minute No.12 below also referred).
5. That a monthly sales update report would be circulated to the Shareholder Board as detailed in decision 2 below.

Alternative Options Considered: NOTED the following options which had been considered:

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1. No alternative reporting or planning had been considered. The company required a Business Plan to determine its operations for the year.
2. The alternative option for delegation to the Commercial Director was that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This was not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made would bring the implementation of reserve matters in line with the Council's scheme of delegation.
3. The key alternative options for disposal were set out in paragraphs 3.7 to 3.17 of the report and within the Business Plan (containing exempt information).

DECISION: The Shareholder Board agreed to

1. Recommend to Cabinet to approve the EIL Business Plan for 2019-20, subject to the amendment reported at the meeting that two properties would be sold to the HRA.
2. Request the company circulate a monthly sales update report to the Shareholder Board, reporting on the sales achieved each month against the targets stated within the Business Plan 2019-20.
3. Recommend to Cabinet delegation of authority to the Council's Commercial Director to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved EIL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

Reason: To best address the potential risk of insolvency without causing further risks to other key Council services or trading companies. To bring required approvals in line with the Council's scheme of delegation. Section 5 of the report referred.

5. INDEPENDENCE AND WELLBEING ENFIELD - BUSINESS PLAN 2019-22

NOTED, that this item had been withdrawn.

6. ENERGETIK - OPERATING PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.13) summarising the content of Energetik's operating plan for the period 2019-22.

NOTED

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1. That Report No.18 also referred as detailed in Minute No.14 below.
2. That the operating plan identified Energetik's key objectives over three years. The plan was presented for Members to note as set out in decision 1 below.
3. The full financial details would be presented to Cabinet in due course for approval as part of the revisions to the 40 year business plan included within the Tranche 2 funding decision, as set out in the report and in decision 2 below.
4. Members noted the operating plan and agreed the recommendations as set out in the decisions below. A detailed discussion took place in part two of the meeting, containing exempt information, as referred to in Minute No.14 below.

Alternative Options Considered: NOTED, the following alternative options which had been considered:

1. No alternative reporting or planning had been considered. The company required an operating plan to enable achievement of its approved Business Plan.
2. The alternative option for delegation to the Commercial Director was that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This was not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made would bring the implementation of reserve matters in line with the Council's scheme of delegation.

DECISION: The Shareholder Board agreed to

1. Note the company's Operating Plan 2019-22.
2. Note that full financial details would be presented to Cabinet for approval as part of revisions to the 40-year business plan included within the Tranche 2 funding decision.
3. Delegate to the Council's Commercial Director the authority to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved Energetik Business or Operating Plans, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

Reason: The Board was required to approve company Business Plans. Energetik operated a two-tier planning process, as set out in paragraph 5.1 of the report. To bring required approvals in line with the Council's scheme of delegation, as set out in paragraph 5.2 of the report.

7. HOUSING GATEWAY LTD. (HGL) - BUSINESS PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.14) summarising the content of the Housing Gateway Ltd. (HGL) business plan for 2019-22.

NOTED

1. That Report No.19 also referred as detailed in Minute No.15 below.
2. The key strategic objectives and risks of the company as set out in section 3 of the report.
3. The financial projections, refinancing package and portfolio expansion as set out in section 3 of the report and Report No.19 as detailed in Minute No.15 below. Progress against strategic objectives would be reported quarterly to the Shareholder Board.
4. As detailed in decision 1 below, a further report would be presented to the Shareholder Board for approval on the forward financial structure based on a full options appraisal, and the submission of clear annual expansion targets.
5. The timescales for the preparation and recommendation of the re-financing options.
6. Councillor Tim Leaver, as the Council representative for Housing Gateway Ltd. was in attendance for this item. Councillor Leaver outlined the priorities and objectives of Housing Gateway Ltd. and set out in detail the progress that had been made to date on the future financing options which would be brought back to the Shareholder Board in due course for approval. Further clarification was required going forward regarding best value; the required timescales; and, the Council's intentions with regard to financial options (Report No.19, Minute No.15 below also referred).
7. In response, Members were advised on the financial assessments currently being undertaken by the Council; and, the Financial Regulations that were being developed nationally for Local Authorities to adhere to. This work was still ongoing and further advice and clarity would be sought and developments reported back to the Shareholder Board in due course.
8. That the Board agreed the following decisions subject to their consideration of the part two report and to note that further information would be presented to the Board in due course for agreement.

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Alternative Options Considered: NOTED, the detailed alternative options which had been considered as set out in section 4 of the report.

DECISION: The Shareholder Board agreed to

1. Recommend to Cabinet to approve the activities detailed in the HGL Business Plan for 2019-22, subject to presentation of a further report for approval of the forward financial structure based on a full options appraisal, and the submission of clear annual expansion targets.
2. Recommend to Cabinet to delegate authority to the Shareholder Board to approve the future reports detailed in decision 1 above.
3. Recommend to Cabinet to delegate to the Council's Commercial Director the authority to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved HGL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.
4. Delegate to the Leader of the Council the authority to approve an appointment to the current vacant position on the HGL Board.

Reason: The detailed reasons for the recommendations were as set out in section 5 of the report.

8. SHAREHOLDER BOARD WORK PLAN

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.15) identifying the intended items and work for the Shareholder Board during the 2019-20 municipal year.

NOTED

1. The revisions to the work plan as outlined in the report. An additional formal meeting of the Board had been scheduled to take place on 2 October 2019.
2. That a report on the Tranche 2 funding for Energetik was due to be considered at the September Cabinet meeting.

Alternative Options Considered: NOTED, that the schedule could remain the same. However, this was not considered to be effective for the reasons outlined in paragraphs 3.3 to 3.7 of the report.

DECISION: The Shareholder Board agreed to approve the amendments to the proposed work plan.

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Reason: The forward plan included all known items which the Board would be required to decide during the year, as well as time for the Board to shape and influence the direction of companies and ensure they continued to meet Council priorities.

9. MINUTES OF PREVIOUS MEETING

AGREED that the minutes of the meeting of the Shareholder Board held on 2 April 2019 be confirmed and signed by the Chair as a correct record.

10. DATES OF FUTURE MEETINGS

AGREED that an additional formal meeting of the Shareholder Board be scheduled to take place on Wednesday 2 October 2019 at 7.00pm.

NOTED that future formal meetings of the Shareholder Board were scheduled to take place on:

1. Wednesday 27 November 2019 at 7.00pm
2. Wednesday 1 April 2020 at 7.00pm

11. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the items listed on part two of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A (as amended by the Local Government (Access to Information) (Variation) Order 2006).

NOTED, as detailed in Minute No.2 above, the exclusion of the press and public was applied at various points in the meeting to facilitate the discussion of the part two reports.

12. ENFIELD INNOVATIONS LTD. BUSINESS PLAN 2019-20

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.16).

NOTED

1. That Report No.11 also referred as outlined in Minute No.4 above. A detailed discussion took place on the proposals for disposing of the remaining properties as set out in the Business Plan. Recent developments outlined to Members at the meeting would be

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incorporated within the Business Plan prior to its consideration and approval at Cabinet. Discussions were ongoing on future issues relating to the properties in question, including sale and nomination rights. Members also noted the financial implications as set out in the report and business plan.

2. The timescales and risks as outlined in the report and outlined in detail in discussion.
3. The discussions that were ongoing and the clarification sought on the split in the number of the properties for the options being taken forward. The business plan would be updated to reflect the latest position. The rationale for the preferred options for the properties in question would also be addressed.

Alternative Options Considered: As detailed in Minute No.4 above and section 4 of the report.

DECISION: As detailed in Report No.11, Minute No.4 above referred.

Reason: As detailed in Minute No.4 above and section 5 of the report.

13. INDEPENDENCE AND WELLBEING ENFIELD LTD. (IWE) - BUSINESS PLAN 2019-22

NOTED, that this item had been withdrawn.

14. ENERGETIK - OPERATING PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.18).

NOTED

1. That Report No.13 also referred as detailed in Minute No.6 above.
2. Jayne Clare and Ian Guest (Energetik) attended for this item and a detailed discussion took place on the main issues and developments for Members' consideration and information.
3. The connection, customer details and performance details as outlined in the report.
4. The content of the operating plan.
5. The developments and work currently being undertaken regarding future funding options for Energetik. Full financial details would be presented to Cabinet in due course for consideration and approval.

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6. Members were provided with detailed information on a review of Energetik covering the period March 2018 to March 2019.
7. In response to questions raised, a discussion took place regarding the issue of fuel poverty and affordability for customers of Energetik. Members were provided with detailed information on the pricing mechanisms, the regular reviewing processes, and agreements in place. Detailed information would also be provided within the Business Plan.
8. The long-term objectives of Energetik and the potential future developments. The significant progress being made and the national initiatives coming forward were outlined to Members.
9. The financial complexity of the company in moving forward and the reasons for this.
10. Members thanked Jayne Clare and Ian Guest for their informative update and discussion.

Alternative Options Considered: As detailed in Report No.13, Minute No.6 above refers.

DECISION: As detailed in Report No.13, Minute No.6 above refers.

Reason: As detailed in Report No.13, Minute No.6 above refers.

15. HOUSING GATEWAY - BUSINESS PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.19).

NOTED

1. That Report No.14 also referred as detailed in Minute No.7 above.
2. That Members requested a further informal briefing on the Business Plan, as discussed at the meeting, prior to its consideration by Cabinet.

Alternative Options Considered: As detailed in Report No.14, Minute No.7 above referred.

DECISION: As detailed in Report No.14, Minute No.7 above referred.

Reason: As detailed in Report No.14, Minute No.7 above referred.