

SHAREHOLDER CABINET COMMITTEE

MONDAY 13 JUNE 2022

10.00 AM

Bourges/Viersen Room - Town Hall

AGENDA

Page No

1. Apologies for Absence	
2. Declarations of Interest	
3. Minutes of the Meeting Held 28 February 2022	3 - 6
4. Exclusion of the Press and Public	
To resolve that the press and public be excluded from the meeting on Item 7, 'Peterborough Limited Update' on the grounds that the item contains exempt information under Paragraph 3 of Part 1 Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed (relating to the financial or business affairs of any particular person).	
5. Amendment to the Trustees for the Mayor of Peterborough's Charity Fund (MPCF)	7 - 8
6. Review of Guidance & Assurance Review of Partnership Arrangements	9 - 26
7. Peterborough Limited Update	27 - 40
8. Shareholder Cabinet Committee Work Programme	41 - 42

Emergency Evacuation Procedure – Outside Normal Office Hours

In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. A protocol on this facility is available at:

<http://democracy.peterborough.gov.uk/ecSDDisplay.aspx?NAME=Protocol%20on%20the%20use%20of%20Recording&ID=690&RPID=2625610&sch=doc&cat=13385&path=13385>



There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Pippa Turvey on 452460 as soon as possible.

Committee Members:

Councillors: Allen (Chair), Ayres, M Cereste, Coles (Vice Chairman) and Howard

Further information about this meeting can be obtained from Pippa Turvey on telephone 452460 or by email – philippa.turvey@gmail.com

**MINUTES OF THE SHAREHOLDER CABINET COMMITTEE MEETING
HELD AT 10:00PM ON
MONDAY 28 FEBRUARY 2022
ENGINE SHED, SAND MARTIN HOUSE**

Members Present: Councillors Allen (Chair), Councillor Coles, Councillor Ayres, Councillor Cereste, Councillor Walsh

19. Apologies for Absence

No apologies for absence were received.

20. Declarations of Interest

No declarations of interest were received

21. Minutes of the Meeting Held on 15 December 2021

The minutes of the meeting held on 15 December 2021 were noted as a true and accurate record.

22. Opportunity Peterborough

The Shareholder Cabinet Committee received a report in relation to Opportunity Peterborough.

The purpose of this report was to provide an update on the activities and achievements of Opportunity Peterborough, as well as on the company's plans for the financial year 2022/23.

Mr Tom Hennessey, Opportunity Peterborough Chief Executive, addressed the Shareholder Cabinet Committee and outlined the contents of the report.

Councillor Cereste joined the meeting during Mr Hennessey's address.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- The skills service had been wholly funding by Local Enterprise Partnership and then the Combined Authority. In 2020 the CA ran a competition for a wider delivery of services contract, which included the skills services. Opportunity Peterborough were unsuccessful in their bid.
- The proportion of staff that had stayed with Opportunity Peterborough in relation to secondary school work had been made redundant following the impact of the COVID-19 pandemic on the service.
- Members were advised that there was still a strand of school engagement within Opportunity Peterborough's growth work, which also included supporting companies to understand their skills development strategies.
- Members noted the opportunities arising in the city around tourism and hotel provision, and were advised that further investors were engaging with

- Opportunity Peterborough in relation to the Station Quarter and North Westgate.
- Some business, it was acknowledged, would be impacted by anticipated increases in the cost of living, particularly around energy and supply chains.
- Opportunity Peterborough would not be leading on work in relation to Adult Social Care, but would be working with the East Anglian Productivity Forum. The details of this were not finalised yet, and Members would be kept up to date of developments.
- Members considered that it would be opportune for Peterborough to establish a destination venue in order to bring a higher footfall to the city.
- Further discussion was had in relation to developing the Flag Fen offer and it was suggested that Opportunity Peterborough could approach nationwide developers such as Merlin Entertainment to pursue this.
- Members noted that popularity of the Bond Holder Network dinners prior to the pandemic and encouraged work to bring this back, including that of liking this to Visit Peterborough and the Smart Manufacturing Network members.
- It was considered that a city of Peterborough's scale needed its own economic development function and that Opportunity Peterborough was in place for the long term.
- Members suggested that it would be beneficial, in light of Opportunity Peterborough taking on responsibility for the Visit Peterborough website, that this link in with the visitor desk in the Town Hall in some form.
- It was further noted that Peterborough was preparing a bid to host the headquarters of Great British Railways.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the achievements and impact of Opportunity Peterborough with regards to support for the local economy and jobs creation, as well as plans for the financial year 2022/23.

REASONS FOR THE DECISION

It was believed that, with the continued support of the Council, Opportunity Peterborough could make Peterborough a better place to work, to invest and do business, to visit and enjoy, and above all, to call home.

Opportunity Peterborough's work programme had been mapped against Peterborough City Council priorities to ensure that what it was providing aligned with what mattered most to the Council and the communities it serves.

By supporting the delivery of these priorities it was believed that Opportunity Peterborough could also reduce demand on the Council's services thereby having a positive budgetary impact, as well as increasing the Council's income via increased business rates receipts.

ALTERNATIVE OPTIONS CONSIDERED

This report was predominantly for information. The alternative to supporting Opportunity Peterborough's plans was to not support Opportunity Peterborough's work and progress to date.

This was been rejected on the basis that Opportunity Peterborough's work programme closely aligned with, and added value to, the Council's own priorities and provided excellent value for money as a means of meeting these priorities.

23. Medesham Homes Annual Review

The Shareholder Cabinet Committee received a report in relation to the annual review of Medesham Homes.

The purpose of this report was to provide a brief annual review of Medesham Homes' activities over the last year and set the scene for the year ahead. This would be shaped by the review of the Council's housing service in conjunction with CIPFA, the parallel but linked review of the companies with which the Council had a relationship, and the potential development of a new Housing Strategy for the city. These workstreams formed part of the Council's financial sustainability programme, and were in response to the recent Government publication of its external assurance review.

Michael Kelleher, Service Director for Place and Economy, addressed the Shareholder Cabinet Committee and advised that Medesham Homes had progress steadily with its work over the past year, including completion on Schemes in Belle Vue, Midland Road, and Crowland Road. Two further schemes were in the pipeline, to provide up to 160 to 180 additional units for 2022/23. This included schemes in Bretton Court and London Road. It was advised that the Council was currently reviewing its housing services and companies alongside CIPFA, and was developing a new housing strategy. Therefore, it felt appropriate to review arrangements with Medesham Homes at the same time.

Claire Higgins and Gary Clarke, Medesham Homes, addressed the Shareholder Cabinet Committee and advised that it was felt an opportunity was being missed with Medesham Homes, which could provide a much greater service, extending the work of the partnership. The review of the Housing Service was greatly anticipated so that progress could be made on delivering housing in the city.

The Shareholder Cabinet Committee debated the report and in summary, key points raised and responses to questions included:

- It was noted that there had been a number of delays with the Bretton Court scheme, particularly in relation to input from highways services.
- It was confirmed that the London Road scheme related to the gravel car park site, next to the football ground. Members were advised of an ongoing issue at this site in relation to the non-adopted road.
- Members further noted frustrations within Medesham Homes regarding the delay around the London Road scheme.
- Members raised concerns about the viability of the retail units included within the Bretton Court scheme in light of the impact of the COVID-19 pandemic, however officers reassured that at least three retail tenants were keen to stay on at the location.
- The Committee noted comments of those from Medesham Homes, who considered that the long delay in developments was hindering the work of the organisation.
- Members were advised by Council officers that the addressing the concerns raised was a key priority in order to enable development in the city.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the contents of this report.
2. Specifically note the review of companies that the Council was involved with, as part of the overall financial sustainability programme.
3. Reinforce the Council's commitment to Medesham Homes and work with renewed vigour to provide outcomes.

REASONS FOR THE DECISION

Medesham Homes was a unique partnership between the Council and the largest residential social landlord in the area, Cross Keys Homes. It had delivered a significant number of purely affordable rental homes already and had a potential pipeline that could continue this work well over the coming period. These new homes would be a substantial help in addressing the city's need for housing of this type.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered.

24. Shareholder Cabinet Committee Work Programme

The Shareholder Cabinet Committee received the Shareholder Cabinet Committee work programme for the 2021/2022 municipal year.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the latest version of the work programme.

Chairman
10:00am – 11:19am
28 February 2022

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 5
13 JUNE 2022	PUBLIC REPORT

Report of:	Fiona McMillan, Director of Law and Governance		
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance and Corporate Governance		
Contact Officer(s):	Rachel Edwards, Head of Constitutional Services	Tel. 452277	

AMENDMENT TO THE TRUSTEES FOR THE MAYOR OF PETERBOROUGH'S CHARITY FUND (MPCF)

RECOMMENDATIONS	
FROM: Rachel Edwards, Head of Constitutional Services	Deadline date: N/A
It is recommended that the Shareholder Cabinet Committee notes the amendments to the Trustees of the Mayor of Peterborough's Charity Fund (MPCF).	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Shareholder Cabinet Committee following referral from the Monitoring Officer.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to supply the Shareholder's Committee with an update of the Trustees of the Mayor of Peterborough's Charity Fund (MPCF).
- 2.2 This report is for Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2(e), "to oversee the relationships between the Council and the Council's companies, partnerships and charities, and any such relationships between the Council's companies, partnerships and charities in accordance with the Council's objectives".

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. BACKGROUND AND KEY ISSUES

- 4.1 On the 23 May 2022, at the Council's annual meeting, Councillor Alan Dowson was appointed Mayor, who will be the new Trustee of the MPCF (the Chair).
- 4.2 At the Council's annual meeting, Councillor Nick Sandford was appointed to be Deputy Mayor, who will also be the Trustee of the MPCF (the Secretary).

4.3 The other two Trustees of the MPCF remain unchanged, who are employed by Peterborough City Council (the Treasurer- Mayoral Services Manager and Head of Constitutional Services) because they remain in post.

5. CONSULTATION

5.1 No consultation is required at this time.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 By appointing the two new Trustees of the MPCF there will be sufficient quorum.

7. REASON FOR THE RECOMMENDATION

7.1 The reason for the recommendation is to update the Shareholder's Committee of the changes which are required to enable the MPCF to continue to raise valuable funds for the MPCF charitable purpose.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The alternative option was to not appoint Councillor Alan Dowson and Councillor Nick Sandford as the Chair and Secretary. However, as stated within this report, this may not provide sufficient quorum and the purpose of their role is to benefit the decision making of the MPCF and enable the continuation of effective fund raising.

9. IMPLICATIONS

Financial Implications

9.1 There are no financial implications arising from this report.

Legal Implications

9.2 The appointment of the two new Trustees means the Charity Commission must be notified accordingly.

Equalities Implications

9.3 No equalities implications.

Carbon Impact Implications

9.4 There are no carbon impact implications arising from this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 *Full Council meeting on the 23 May 2022*

<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=139&MId=4597>

11. APPENDICES

11.1 None.

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 6
13 JUNE 2022	PUBLIC REPORT

Report of:	Director of Law & Governance (Monitoring Officer)	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Finance & Corporate Governance	
Contact Officer(s):	Fiona McMillan, Director of Law & Governance (Monitoring Officer) Cecilie Booth, Director of Corporate Resources (s151 officer)	

REVIEW OF GUIDANCE & ASSURANCE REVIEW OF PARTNERSHIP ARRANGEMENTS

RECOMMENDATIONS	
FROM: Director of Law & Governance	Deadline date: N/A
<p>It is recommended that the Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Notes this report and its attached guidance note “Guidance for Member & Officers who serve on outside bodies”. 2. Agrees that officers should carry out an assurance process on the council’s partnership activities to assess the strength and robustness of the current governance arrangements 3. Delegates responsibility for carrying out this assurance process to the Director of Corporate Resources and the Director of Law and Governance with progress to be reported back to the next Committee meeting 4. Agrees that further refresher training for members and officers on their roles and responsibilities in relation to council companies and partnerships, to be organised by Democratic Services 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Shareholder Cabinet Committee as part of its annual review of the guidance for members, first issued by the Monitoring Officer in 2018 and noting recent CIPFA guidance on local authority companies and best practice.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- Review the remit and powers of the Committee.
- Recommend an assurance review is carried out of the Council’s partnership arrangements
- Highlight potential conflicts of interest that members need to be aware of in order to manage interactions more pro-actively
- Endorse training proposals for members and officers.

2.2 This report is for the Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2. (a), ‘To monitor performance and financial delivery of the companies, partnerships and

charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.'

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. **BACKGROUND AND KEY ISSUES**

4.1 **This report:**

- Sets out the reasons why the Council established a Shareholder Cabinet Committee
- Sets out the Shareholder Cabinet Committee terms of reference and how it interacts with Cabinet
- Lists those Council companies, partnerships and charities that the Committee has responsibility
- Notes the publication of recent CIPFA good practice guidance on local authority companies
- Proposes a review of the council's companies and partnerships using a good practice model from the CIPFA guidance as a way of assessing current arrangements and whether changes need to be made to improve governance arrangements and the council's oversight of these entities

4.2 **Shareholder Cabinet Committee Purpose and Functions**

The Shareholder Cabinet Sub-Committee meets four times a year, with more or less meetings to be arranged as necessary, with the agreement of the Chairman. It has responsibility for the Council's companies, partnerships and charities including, but not limited to:

- (a) Peterborough Limited
- (b) Blue Sky Peterborough,
- (c) Empower Peterborough, CIC
- (d) Opportunity Peterborough and its Joint Venture company Smart Manufacturing Alliance,
- (e) Peterborough Investment Partnership LLP, and its subsidiary SPVs
- (f) Medesham Home LLP and Medesham Ltd,
- (g) NPS Peterborough Ltd,
- (h) Peterborough Museum and Art Gallery,
- (i) The Mayor's Charity. and
- (j) Peterborough HE Property Company Ltd

The Shareholder Cabinet Committee will act as a decision-making body in relation to the functions delegated to it as well as an advisory body to Cabinet. Support and advice will be provided to the Shareholder Cabinet Committee by the Monitoring Officer, the Section 151 Officer and other client officers as appropriate.

4.3 **Functions of the Shareholder Cabinet Committee and those reserved to Cabinet**

The Shareholder Cabinet Committee is responsible for making decisions:

- a) To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.
- b) To ensure that those companies, partnerships and charities comply with relevant Council policies, strategies and objectives.
- c) To exercise decisions, where delegated by Cabinet, in relation to a company, partnership or charity's reserved matters.

- d) To seek approval from and make recommendations to Cabinet in relation to investments, loans and assets.
- e) To oversee the relationships between the Council and the Council's companies, partnerships and charities, and any such relationships between the Council's companies, partnerships and charities in accordance with the Council's objectives.
- f) To review any reports in relation to the Council's companies, partnerships or charities prior to their submission to the Audit Committee to ensure compliance with Council policies, strategies and objectives.
- g) To determine for each individual company, partnership or charity whether the Shareholder Cabinet Committee recommends to Cabinet the delegation of any functions to the officers of the Council.”

All other matters not falling within the remit of the Shareholder Cabinet Committee functions set out at a) to g) above will be referred to Cabinet for decision.

Functions Reserved to Cabinet

Cabinet will be responsible for the following functions in relation to the Council's companies, partnerships and charities:

- a) The establishment of any new company, partnership or charity
- b) The decommissioning/winding up of existing companies, partnerships and charities; c) The determination of Articles of Association
- d) The determination of the percentage share of ownership
- e) The determination of the investment of funds or assets
- f) The determination of any lending facilities to the Council's companies, partnerships and charities
- g) The determination of decisions reserved to the Council as shareholder or member of a company, partnership or charity
- h) Scheme of delegations to the Shareholder Cabinet Committee
- i) Approval of Business Plans
- j) Approval of changes to service agreements in respect of KPIs, service levels and service standards
- k) The setting of Policy Strategy and objectives for the operation of the Council's companies, partnerships and charities

4.4 Overview of Issues

The Council, as part of its annual governance processes, allocates members and officers to various companies and boards. One of the significant responsibilities of the Shareholder Cabinet Committee is to ensure that Council aims, objectives and requirements are delivered both within these Companies and also across these Companies. As such the Committee:

- Needs to understand potential conflicts of interest between Company Board member's statutory requirements and the Council's objectives.
- What needs to be put reinforced in terms of the governance and client management of the Council's companies in order to ensure the Council's objectives are delivered.

PCC Guidance note for members and officers and training

The Monitoring Officer previously prepared and issued a guidance note “Guidance for members & officers who serve on outside bodies” which was approved by the Committee and issued to all councillors and officers and is reviewed and re-circulated annually. External training has also previously been provided for Cabinet members on their responsibilities and it is recommended that this is now repeated to ensure all current members of Cabinet and relevant officers are aware of their responsibilities.

New CIPFA guidance

CIPFA has just issued “Local Authority Companies: a good practice guide” which sets out and highlights best practice for councils in relation to local authority companies. This followed several public interest reports issued in 2020 and 2021 which criticised local authority governance and commercial scrutiny. In recent years, the potential risk associated with local authority trading companies and joint ventures has increased and it is important to learn lessons from others and access support. The guidance aims to assist local authorities by setting out and highlighting existing best practice. It focuses on identifying organisational goals, the process to find the right option to achieve that goal and how to structure the organisation for success.

Key points from the guidance are as follows:

- Establishing a local authority company should only be entered into when it is the best option in respect of what is to be achieved
- Companies must be established in accordance with the principles of good governance and have effective and efficient financial management and comply with all relevant legislation.
- The council must maintain appropriate arrangements for ensuring effective oversights and accountability for any alternative delivery mechanisms in which it is engaged
- Reasons for financial failure in local authority companies include a lack of robust due diligence and a failure to appreciate or understand market complexities or trends

Conflicts of interest

CIPFA highlights that it is good practice to have some ‘distance’ between key authority decision makers and company decision makers in terms of personnel. When acting in the capacity of a director, an individual’s principal duty is to the company. When at local authority meetings acting in their capacity as an officer or elected member, they must act in the best interests of the council, subject to confidentiality of information required by the company.

“It could be a breach of a director’s duty to the company either to disclose confidential company information to their appointing council, even if it were relevant to something that the council was discussing, or to disclose confidential council information to the company.”

It is very important that directors have a clear understanding of which hat they are wearing at any time. For these reasons, the CIPFA guidance advised that authorities may choose not to appoint local authority members to the boards of wholly owned companies, referencing other guidance as follows:

LLG’s “The Governance of Council Interests in Companies – Code of Practice (2018):

“The representatives who are appointed directors by the executive will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so ... this requirement in a trading company and the accompanying conflicts of interests that may arise means that officers are better placed to fulfil this role.” The guidance note goes on to say: *“Whilst it will therefore be the norm that officers, not members, will be appointed as directors, this should not prevent the council from appointing members as directors where it is considered to be in the best interests of the company and council.”*

The report Local Government Ethical Standards (Committee on Standards in Public Life, 2019) notes that: *“Councillors should always declare their interest if they hold a position with a council-owned or council-sponsored body. However, in general, we suggest that local authorities consider councillors or officers having observer, rather than director, status on a relevant board so as to minimise potential conflicts of interest.”*

This echoes comments in the Robin Hood Energy (RHE) Ltd public interest report into the governance arrangements by Grant Thornton included a focus on the role of councillors on the board.

The report made the following comments:

"More generally, it is not seen as good practice for councillors to be on the boards of local authority companies, with other mechanisms used to ensure that the company meets the Council's policy objectives. This reflects the above issues in relation to the expertise and experience of many councillors, and the potential for conflicts of interest between the councillors' commitment to the interests of the company, which has to override other interests when they are on company 'business', and their wider responsibilities as councillors. Having councillors on company boards can lead to a failure to properly separate the two sets of interest – of the company and of the Council."

The Committee may wish to reflect on this guidance in terms of current and future appointments to the Council's companies and partnerships.

Assurance review

The CIPFA guidance includes a case study of good practice from Manchester City Council. Discussions have already taken place with senior officers at Manchester City Council, who have agreed to support PCC in the implementation of the necessary changes to our governance arrangements.

Since 2008 Manchester City Council undertakes a comprehensive assurance process on its partnership activities, which is called the Register of Significant Partnerships (RSP), on an annual basis as part of its approach to good governance. These arrangements are diverse including Joint Ventures, wholly owned companies, statutory groups and Private Finance Initiatives (PFIs) and similar to PCC this assurance process is accountable to the Council's Audit Committee.

The RSP outlines key partnership arrangements that are considered to be of the highest significance to the financial position, reputation of the Council or to the delivery of key corporate objectives. The process involves a nominated link officer completing a self-assessment form covering questions about aims and objectives, membership, decision making, finance, audit and risk management, conduct and performance of the partnership. This leads to an overall self-assessment governance strength based on the robustness of the arrangements that the partnership has in place.

The assessment can fall into one of four categories:

Substantial: Demonstrating consistent application of good governance practices, providing a high level of assurance and delivering both the partnership and Council objectives. Any matters noted do not put the overall objectives at risk.

Reasonable: An overall sound system of governance has been established but there are some areas for improvement to ensure the delivery of both the objectives of the Council and the partnership. Recommendations will be moderate or a small number of key priorities.

Limited: A governance system has been established but there are a number of significant areas highlighted for improvement, which if not implemented, could result in the non-delivery of partnership and Council objectives. Recommendations will be significant and relate to key risks.

Weak: Controls are generally weak leaving the partnership's system open to the potential of significant error, resulting in a high probability that partnerships and the Council's objectives will not be met unless action is taken. Critical priority or a number of significant priority actions required.

The rankings are moderated by a multi-disciplinary officer working group representing finance, legal, audit and commercial governance. Once the ranking is agreed, for any partnerships rated

other than 'substantial', from the information provided, the officer working group proposes a number of improvement measures to enable the partnership to move up the assurance scale.

The recommendation is for Peterborough to carry out a similar assurance process on all its partnership activities to make clear whether there are improvements needing and to highlight any gaps and risks. This process requires the establishment of a cross-services working group or member and officers, and it is proposed that the Director of Corporate Resources and the Director of Law & Governance are tasked with carrying out this review, including setting up the process and the officer cross-disciplinary working group, with a progress report coming to the next Committee meeting.

5. CONSULTATION

5.1 N/A

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The purpose of this report is to endorse the establishment of a cross-services working group to review the assurance process across all the council's companies and partnerships, along with noting the potential for conflicts of interests for members and officers.

7. REASON FOR THE RECOMMENDATION

7.1 To consider adding further governance measures into arrangements for the council's companies and partnerships following the publication of new CIPFA advice on good practice for local authority owned companies.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 There may be additional costs relating to external support and / or additional resources to complete this review. Any additional costs will be reported to members as part of this process.

Legal Implications

9.2 There are no legal implications arising from this report.

Equalities Implications

9.3 There are no equalities implications arising from this report.

Carbon Impact Implications

9.4 There are no carbon impact implications arising from this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

CIPFA "Local Authority owned companies: a good practice guide" (2022)

11. APPENDICES

11.1 Appendix A - Guidance for Member & Officers who serve on outside bodies

PETERBOROUGH



**GUIDANCE FOR MEMBERS & OFFICERS WHO
SERVE ON OUTSIDE BODIES**

**A guide to the law for members and officers who are appointed
to represent Peterborough City Council on another body**

June 2019

1. INTRODUCTION

- 1.1. Peterborough City Council ("the Council") appoints members and, less often, officers to serve on a wide range of organisations outside the council, including as directors of companies, trustees of charities, members of management committees and other roles on public bodies and voluntary organisations. These roles on outside bodies may give rise to occasional uncertainty about responsibilities and sometimes lead to conflicts of interest. For example, if an outside body comes into conflict with the Council and the member is a director or on the management committee of the outside body it is likely that the member's prime duty would be to the outside body in the conduct of the outside body's affairs.
- 1.2. The purpose of this guidance is to summarise the legal position and responsibilities of members and officers who are appointed by the council to serve on outside bodies. It is not intended to be an exhaustive explanation of the law and if further advice is required the Monitoring Officer should be contacted.
- 1.3. This guidance does not cover any situation where a member or officer who chooses to sit on an outside body in their own private capacity – in this case they should ensure there is no conflict of interest with their position as a member or officer.
- 1.4. Members and officers may be appointed by the Council to be an "observer" or to undertake a monitoring role at an outside body, facilitating exchanges of views or information as an extension of their council duties but taking no part in the outside body's management or governance other than to attend and vote at annual or general meetings, or simply to attend. In this type of role members and officers will be mainly concerned with representing the council and will not have responsibility for the governance of the body. Care should be taken to ensure such attendance is minuted/recorded each time to correctly reflect this.

2. GENERAL

- 2.1 Before accepting the directorship or trusteeship of an external organisation, the member or officer should consider how onerous the responsibilities are likely to be and should only accept the office if satisfied that they have the time and capacity to undertake them.

2.2 Consideration should also be given to whether there is likely to be any significant conflict of interest between the role as a director or trustee and their role as a member or officer. If such a conflict is likely to arise to a significant degree then the role should not be taken on.

2.3 The member or officer should also assess the risks of things going wrong which might raise the prospect of a personal liability. Matters to be taken into account include the nature of the functions of the outside body and the amount of money it holds or deals with. For example, some external companies handle considerable sums of money in the course of each year and have major functions. On the other hand, the risks associated with relatively small local charities are much less.

2.4 Members and officers who serve on outside bodies must exercise independent judgement in the interests of the organisation in which they are involved. Whilst it is recognised that they may have a commitment to representing the Council on the outside organisation, they must also be aware that it is their responsibility to decide what view to take on any question before the organisation. Where a member or officer serves on the outside body in a representative capacity, this should be made clear to that body. There will be a fine line to tread between the duty to the outside body and to the Council.

2.5 Ultimately the member or officer in acting as a Director or Trustee or member of a Management Committee of an outside body, must act in accordance with that body's interests, and not those of the Council or even the council tax payers at large. A mandate from the Council to vote one way or the other would put the member or officer in breach of the duty to the organisation. It is permissible to take account of the Council's wishes, but not to vote simply in accordance with them. The overriding duty in considering an item before the outside body is to vote in accordance with the interests of that organisation.

2.6 A member or officer serving on an outside body must also ensure that avoidable loss is not incurred in managing that body. Individual responsibility cannot be avoided by not reading the papers or failing to ask for appropriate reports. Professional advice should also be sought where appropriate.

2.7 If there is a major dispute between the Council and the outside body then the Council's representative can be placed in an untenable position. In these circumstances, the appointee should take advice from either the Chief Executive, the Monitoring Officer or the relevant Chief Officer.

2.8 At the end of the day, it is possible that a representative on an outside body may find themselves unable to adequately carry out their responsibilities properly, both as a member or officer of the Council and as a Director/Trustee/Committee Member of the outside body. That would be an exception, and should not deflect those appointed to outside bodies from being prepared to participate in the management and running of outside organisations.

2.9 Finally, it is recommended that:-

- (a) Upon being appointed to an outside body, appointees obtain essential documents such as the outside body's governing document and the latest annual report and accounts
- (b) Clarify if there are any insurances or indemnities in place
- (c) Ensure the organisation has sound financial practices and procedures – take an interest in the business plan and other financial reports
- (d) Understand how decisions are made in the organisation including delegations of powers
- (e) Appointees to outside bodies should take advice from the s151 Officer or the Monitoring Officer (as appropriate) if they have any financial or other concerns about the body to which they have been appointed.

3. COMPANY DIRECTORS

3.1 The management of a company is generally the responsibility of a board of directors and the powers of the directors are usually set out in the company's Articles of Association (rules which govern the company's internal management). Directors are those who are appointed by the company to act in that capacity.

3.2 **Company Directors** have the following duties:-

- **A fiduciary duty** to the company (not individual shareholders) to act honestly and in good faith and in the best interests of the company as a whole. This means taking proper care of the assets of the company.
- **A general duty of care and skill** to the company. This means that Directors must exercise a degree of skill as may reasonably be expected from someone with that individual's particular knowledge and experience. However, Directors are not deemed to be experts, but are expected to use due diligence and to obtain expert advice if necessary.
- Directors must **exercise independent judgement**, although they may take account of the interests of any third party whom they represent. This may well require interests to

be declared (see below). However Directors cannot vote simply in accordance with the Council's mandate.

- Directors are **not allowed to make a profit** from their position. They must therefore disclose any interests they or their family may have in relation to the company's contracts. Whether they are then allowed to vote will depend on the company's Articles of Association.
- Directors must **ensure compliance with the Companies Act** in relation to the keeping of accounts and making of returns to the Registrar of Companies and the information to be shown on stationery.
- There is a **duty to have regard to the interests of the company's employees**, particularly, for example, in respect of health and safety.
- Directors also have a range of **accounting and financial responsibilities**, including the preparation of accounts for each financial year, ensuring accounting records are maintained sufficiently to demonstrate the company's day to day transactions, approving the annual accounts and laying them before a general meeting and ensuring that annual accounts and reports are sent to shareholders and anyone else entitled to receive them.

3.3 Individual Directors can also be liable in certain circumstances, including the following:-

- A company can only act within the scope set out in its Memorandum of Association, and those Directors who knowingly cause the company to act beyond these activities will be liable personally.
- Directors may also be liable for breach of trust, if they misapply the money or property of the company. Directors may also be liable if they fail to take action to prevent the breach of a Co-Director of which they are aware.
- In the event of a failure to act in accordance with the best interests of the company, or if Directors use their powers improperly or make a personal profit from their position as a Director, then they may be personally liable for loss to the company and may be required to give to the company the personal profit made.
- If the level of skill and care shown by a Director falls below that which could reasonably be expected and the company suffers loss, the Director will be liable for the loss incurred. However, if it believes the Director acted honestly and reasonably, a Court may excuse the Director from this liability.
- If a Director knows or ought to know that there is no reasonable prospect of the company avoiding liquidation, the Court may require the Director to contribute to the company's assets on liquidation if the company continues to trade. This is known as

wrongful trading. No such order will be made if the Court is satisfied that the Director took all reasonable steps to minimise the loss to the creditors.

- Directors will also be liable if to their knowledge the company carried on business with intent to defraud creditors or any other person, or for any other fraudulent purpose.
- Where a company fails to pay National Insurance contributions and this is due to fraud or neglect on the part of any director(s) of the company, they may be held personally responsible for the outstanding contributions.

3.4 Finally, information (apart from confidential information) must be given to other councillors about their activities as required by the local authority.

4. CHARITY TRUSTEES

4.1 Trustees of a charity are responsible for the control and administration of a charity and retain personal liability. Trustees must acquaint themselves with the terms of the Trust. In the case of a charity which is also a company, these terms will be found in the Memorandum and Articles of Association. Other Trusts will be found in the document under which the charity was established, such as a will or deed of gift or constitution.

4.2 **Charity Trustees** have the following duties:-

- Trustees must act in accordance with the terms of the Trust.
- The property of the charity must be used for the purposes for which the charity was set up. It must also be applied fairly between those properly entitled to benefit from it.
- Trustees have a duty to exercise such care and skill as is reasonable in the circumstances having particular regard to any special knowledge or experience that they have or holds themselves out as having. In addition, where a Trustee acts in the course of a business or profession, particular regard must be had to any special knowledge or experience which it is reasonable to expect of a person acting in the course of that kind of business or profession.
- Trustees must always act in the interests of the charity and of its beneficiaries or potential beneficiaries and without regard to their own private interests. This means that Charity Trustees must not put themselves in a position where their interests and duties conflict.
- The work must generally be unpaid. Trustees may be paid for their expenses from the charity's income and, very occasionally, the Charity Commission may allow wider remuneration where this is in the interests of the charity.

- Trustees cannot benefit either directly or indirectly from the charity.
- They must act reasonably and prudently in all matters relating to the charity and must always bear in mind the interests of the charity. They should manage the charity as carefully as if they were running their own business. Although they may delegate certain of their functions under the Trustee Act 2000 and also under any powers in the trust document, they remain legally responsible and must supervise and control the work of officers.
- Trustees must act in accordance with all relevant legislation.
- They have a duty to provide information to the Charity Commissioners. Most charities (except small ones with an annual income under £1000 a year) are required to register under the charities legislation. The Charity Commissioners rely on this information when making a decision about a charity, so it is very important that it is accurate. It is an offence to give the Charity Commissioners false or misleading information, or to alter, conceal or destroy charity documents which may be required by the Commissioners.
- All registered charities are subject to a number of accounting and reporting requirements, depending on their income and expenditure. These involve maintaining proper accounts, preparing the annual statement of accounts and an annual report and in some cases submitting them to the Charity Commission; and where the charity's gross income and total expenditure exceeds £10,000, making an annual report to the Charity Commission. Charity trustees are under a duty to ensure that these accounting and reporting requirements are carried out and to approve the annual report and accounts.
- The accounts of registered charities with a gross income or total expenditure exceeding £10,000 must, at the option of the trustees, be either audited or independently examined. In addition if either income or expenditure has been more than £250,000 in either of the previous two financial years then accounts must be audited by a registered auditor.
- Retaining accounting records and statements of account for at least 6 years.

5. MANAGEMENT COMMITTEES – UNINCORPORATED ASSOCIATIONS

5.1 Groups which are not charitable trusts or limited companies are "unincorporated associations" and have no separate legal identity from their members. The rules governing the members' duties and liabilities will be set out in a constitution, which is simply an agreement between the members as to how the organisation will operate. Usually the constitution will

provide for a management committee to be responsible for the everyday running of the organisation. An unincorporated organisation may be charitable and registerable as a charity.

5.2 Broadly, management committee members must act within the terms of the constitution, and must take reasonable care in exercising their powers.

5.3 Generally, members of management committees are liable for the acts of the organisation, but are entitled to an indemnity from the funds of the organisation if they have acted properly. If there are not enough funds, the committee members are personally liable for the shortfall. If one person is appointed by the constitution to act as the agent of the organisation for certain purposes, then that person acts as the agent of all the members, who have joint liability for the agent's actions. Members of the management committee will have a personal liability if they act outside the authority given them or if they do not comply with the law.

5.4 Exceptions apply to certain consultative/advisory bodies such as EELGA & LGA where the representative will normally be expected to act in the Council's interests.

6. REGULATED COMPANIES

6.1 A company that is influenced by the Council (20% shareholding or more) or controlled by the Council (50% shareholding or more) will be a regulated company under the Local Authorities (Companies) Order 1995. This piece of legislation has a number of restrictions for members that sit on the board of regulated local authority companies, referring to them as "regulated directors".

6.2 These restrictions include:

- The maximum amount of remuneration is the greatest amount which would be payable by the Council in respect of a comparable duty performed on behalf of the Council, less any amount paid by the Council to the regulated director for duties to the Company;
- The maximum amount of travelling or subsistence allowance which would be payable to that director by the Council of which he is a member if the relevant duty were an approved duty for the purposes of s174 of the Local Government Act 1972
- When a regulated director becomes disqualified for membership of the Council, he/she must be removed as a director of the regulated company.

6.3 Where members sit on the board of an influenced or regulated company there will be an inherent conflict of interest in their roles as the Companies Act 2006 requires Directors to consider the best interests of the company and not the shareholders. However due to the restrictions on the remuneration and expenses of members in relation to such companies members are unlikely to have a disclosable pecuniary interest. Members should nonetheless declare their conflict of interest at Council meetings and avoid voting on or taking Council decisions in relation to such companies.

7. OTHER PUBLIC BODIES

7.1 There are bodies created by an Act of Parliament to carry out particular functions and whose constitution is set out in the legislation relating to that specific body. Examples include the Broads Authority, Internal Drainage Boards and school governing bodies.

7.2 The powers of the members of the body and duties and liabilities of those members individually and collectively depend upon the wording of the legislation in question. In general terms, however, the position of a member is similar to that of a councillor. It is therefore wise for a member of any of these bodies to obtain information for themselves from that body on its powers and duties, its Standing Orders and other procedures which they must follow and financial or other regulations which govern the conduct of its business.

7.3 In addition, conflicts of interest can occasionally arise for such appointees. In this respect, the general provisions described in Section 2 above will apply.

PARTNERSHIP BOARDS

7.4 Finally, there is the developing area of partnerships and partnership boards. Generally, these are not legal entities in their own right and members are appointed purely to represent the Council. In these circumstances the specific duties referred to above will not therefore tend to apply nor will there be a potential for a conflict of interest. On the other hand, the position may well be different if a separate legal entity is formed as part of the partnership working.

8. DECLARATION OF INTERESTS

8.1 If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter. In

many case (but not all) cases a Member will not have a Disclosable Pecuniary Interest (and therefore need not make any declaration)) if the matter relates to an outside body to which the Council have appointed the Member as its representative.

8.2 Members do however need to pay particular attention to whether a body on which they have a beneficial interest (which includes a body corporate of which they are a director – NB. “director” includes being a member of the committee of management of an industrial and provident society) has or is likely to have a contractual relationship with the council (NB. which includes grant agreements). If this is the case then this is a specific disclosable pecuniary interest under the Localism Act 2011 as set out in the council’s code of conduct and it need to be declared as such and the member must not take part in any decision making.

8.3 If you do not have a Disclosable Pecuniary Interest you may nevertheless have a “**non-statutory disclosable interest**” in a matter to be discussed if it affects:

- your well-being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter, **unless** the interest is “*one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest*” (s.2.3(b) of the council’s code of conduct sets out what action should be taken). Please seek the advice of the council’s Monitoring Officer if unsure about what needs to be declared in order to help avoid the appearance of bias.

8.4 When members discuss at Council meetings matters relating to an outside body on which they serve, they may take account of that outside body’s interest. However, they must not vote simply in accordance with the mandate of that outside body. In short, the primary consideration is the public interest.

8.5 Officers should have regard to the Officer’s Code of Conduct and discuss all potential conflicts of interest with their line manager, seeking advice from the council’s Monitoring Officer where appropriate. Written file notes should be made and kept of all advice given and action taken.

9. INDEMNITIES

9.1 An outside body can provide indemnities for its members as follows:

- a) Companies can now give their Directors indemnities. However, such indemnities cannot cover:-
 - (i) the Director's liability to the company itself or to other companies within the same group;
 - (ii) fines imposed on a Director in criminal proceedings or in respect of a sum payable to a Regulatory Authority by way of penalty for non-compliance with any requirement of a regulatory nature; or
 - (iii) Liabilities incurred by a Director in defending criminal proceedings where convicted, or in defending any civil proceedings brought by the company, or an associated company in which judgement is made against such Director.

- (b) With regard to Charitable Trusts, an indemnity can be given from the Trust Fund provided the Trustee has acted properly and within their powers. Trustees may take out insurance to protect themselves against personal liability, but not for criminal acts, fraud etc. There will be no problem if the Trustees themselves pay the premiums but if they are paid out of the Charitable Funds the Trustees will need to consent to the Charity Commission unless the Trust Deed specifically allows it.

- (c) With regard to Management Committees, members will be entitled to an indemnity if they act in accordance with the Constitution and are not at fault. It is also possible to obtain insurance but if the organisation is to pay the premium it must be permitted by the Constitution.

10. RELATED ISSUES

- a) Occasionally, the Council will be represented on outside bodies by third parties, rather than members or officers. This guidance applies in principle to these representatives, although some parts of it will necessarily not apply.
- b) From time to time, officers are, as a result of their position with the Council, appointed to serve on an outside body by the body itself, rather than by the Council. Examples include serving on the managing body of a professional association or appointment to a national

body as a local authority representative. Again, most of the principles contained in this guidance will apply to that situation, depending on the nature of the outside body.

- c) Finally, officers may from time to time be asked to serve in their private capacity on outside bodies funded by the Council. This can often give rise to a conflict of interest, particularly in the situation where the officer is employed within the funding department. In these circumstances, the Council takes the view that there will be circumstances where an officer should not serve on the outside body because of the potential for a conflict of interest.

11. FURTHER INFORMATION

If you require any further information about the issues raised in this Guidance Note please contact the Council's Monitoring Officer.

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 7
13 JUNE 2022	PUBLIC REPORT

Report of:	Kitran Eastman – Managing Director Peterborough Limited	
Cabinet Member:	Councillor Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Kitran Eastman – Managing Director Peterborough Limited	

PETERBOROUGH LIMITED UPDATE

RECOMMENDATIONS	
FROM: Peterborough Limited	Deadline date: N/A
It is recommended that the Shareholder Cabinet Committee note the information within the report and the progress this year made by Peterborough Limited.	

1. ORIGIN OF REPORT

- 1.1 This report is presented to the Shareholder Cabinet Committee following a request from the Committee for an update of Peterborough Limited (P-Ltd) services and performance.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to update the Shareholder Cabinet Sub Committee on the recovery of leisure services in a post COVID world, as well as the financial position of the services, and key achievements and milestones over the last 18 months.
- 2.2 This report is for Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2 (a) To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny.
- 2.3 This report contains and exempt appendix that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because they contain commercial information. The public interest test has been applied to the information contained within the exempt appendix and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. TIMESCALES

None.

4. BACKGROUND AND KEY ISSUES

Background

- 4.1 Peterborough Limited (P-Ltd) is wholly owned by Peterborough City Council and was formed as a Teckal compliant Local Authority Trading Company (LATCo). This means

that the company is autonomous from the Council but does require a council appointed board and relies on the Council for guidance and input on strategic matters or important issues of policy. See background papers for company set up reports.

- 4.2 In February 2019 Peterborough Limited operating as Aragon Direct Services commenced delivery of services for the Council, and private works to offset the cost of services to the Council. These include:
- Recycling and Waste
 - Street Cleansing
 - Parks, Trees and Grounds Maintenance
 - Passenger Transport
 - Building Cleaning
 - Catering
 - Vehicle Workshop
 - Property Services
 - Facilities Management
- 4.3 1 October 2020 Vivacity Leisure Services were transferred into P-Ltd. These services have continued to be operated under the Vivacity branding:
- Reginal Pool and Fitness Centre
 - Lido
 - Vivacity Premier Fitness (VPF)
 - Hampton Leisure Centre
 - Bushfields Leisure Centre
 - Werrington Leisure Centre
 - Jack Hunt Pool
 - Swim School
 - Health and Wellbeing Services
 - Disability Sport and Leisure
- 4.4 1 April 2022 Culture Services were transferred into P-Ltd.
- Peterborough Museum,
 - Libraries,
 - Flag Fen

2021/22 Financial Performance

- 4.5 In 2021/22 P-Ltd made a small (unaudited) profit. This was a fantastic team effort across the business but driven by Aragon.
- 4.6 Aragon Performance in the year was strong, with higher than forecast COVID related works having been received by the building cleaning. Performance on private and additional works was also strong in the property department, and the Parks, Trees and Open Space department.
- 4.7 Vehicle maintenance costs were slightly above budget, but with much of the new fleet now arrived, there has been a reduction in vehicle lease costs as well as lesser repair costs.
- 4.8 to 4.21 **See Appendix 1 Part 1- Exempted Section Not for Publication**

Aragon Performance and Risks

- 4.1 Over the past 12 months the Aragon services overarchingly have performed well despite significant impacts and changes to the labour market. This included a national shortage of Class 2 drivers i.e. those with licences to drive recycling and waste vehicles, and more generally a shortage of front-line labour. The Class 2 driver shortage led to non-publicly funded wages increasing by 30% - 40% and paying signing-on bonuses. These wages have now significantly fallen as industry starts to recalibrate and a new wave of qualified drivers entered the market.
- 4.2 The shortage did lead to a suspension of the Garden Waste service. We have now successfully supported three staff members through driver training within the company. These drivers have now started driving rounds. A number of others are also currently in training. The Garden Waste Service has now restarted with 22,000 bin subscriptions already processed.
- 4.3 The planned restructuring of the collection service began on 1st March 2022, changing the collection days for just under half of residents, but affecting the potential collection time for each property. The changes went very smoothly, and the collection schedule is working as planned and even better than expected. This change has allowed the collection rounds to be rebalanced resulting in crews being able to finish within their contracted hours, and leave logical capacity in growth areas, to future proof rounds.
- 4.4 Fly tipping continues to remain at high levels and is tracking above the average of the last four years. As can be seen highlighted below, numbers increased significantly during the first COVID lockdown. The Council enforcement team have been working to reduce this level.

Flytipping Reports	2017	2018	2019	2020	2021	2022
January	783	790	758	744	850	785
February	598	575	597	640	926	578
March	750	514	713	616	1017	933
April	653	670	554	764	869	
May	729	588	440	833	827	
June	721	651	659	835	801	
July	634	663	751	950	845	
August	661	519	550	777	785	
September	742	596	779	897	887	
October	705	603	690	776	737	
November	696	635	638	828	701	
December	482	515	600	837	582	
TOTAL	8,154	7,319	7,729	9,497	9,827	2,296

- 4.5 The phased replacement program of aging fleet assets across Waste and Recycling, Street Cleansing, Parks and Open Spaces and Home to School Transport has commenced. All the recycling and waste diesel fleet has been delivered, and we are now awaiting four electric vehicles which should be delivered in January 2023. Coaches, some

mini busses and road sweepers and mowers, have been delivered. The ordering of the remaining passenger transport fleet and cages tipper vehicles for street care by PCC has been delayed, which will result in up to a £300K revenue pressure in 2022/23. We are now seeing a significant delay for the small vehicles, and high cost increases, meaning the pressure may continue into 2023/24. These are being linked to COVID, the war in Ukraine (where a significant amount of the metal comes from).

- 4.6 Due to the £10M investment by PCC in fleet replacement, the company has undertaken an improvement in security and accessibility at the Nursery Lane depot. This has been paid for by the company but is an investment into the PCC assets. We believe this will both protect the new assets, and key resilience/business continuity points such as fuel.

Vivacity Performance and Risks

- 4.7 Through the last year the Vivacity Leisure recovery has shown stronger than expected pace. This has been the case throughout our sites, and within our health and wellbeing functions, and swim academy.
- 4.8 All costs relating to sites, including utilities costs are now accounted for in one place, to show the true service delivery costs. Previously with the Trust some costs like utilities were paid for by the Council and never attributed to the sites.
- 4.9 to 4.15 **See Appendix 1 Part 2- Exempted Section Not for Publication**
- 4.10 As highlighted with Aragon, Vivacity had been affected by significant impacts and changes to the labour market. This included a national shortage of lifeguards brought about by the two-year hiatus in training opportunities as well as a move for people to want to work from home rather go into work, and a reduction in young people coming into the jobs market.
- 4.11 P-Ltd carried out a restructuring of the Leisure business in Q3 and Q4 of 2021/22, to make staff more cross functional and bring a single standard and approach to all the sites. Following this we have pushed an 'under new management' campaign for employment of Duty Managers and have seen a marked increase in applications from qualified and quality staff.

Culture Transfer

- 4.12 On 1st April 2022 P-Ltd took over the running of the Culture Services of Peterborough Museum, Libraries and Flag Fen from the City Culture. There are significant synergies between the Vivacity and Aragon operation and Culture services. Both Aragon, Vivacity and Culture have a large workforce providing local services for Peterborough residents. Property repair and maintenance is contracted to Aragon, and many of our back-office functions such as HR, IT, Legal, are run by the same providers.
- 4.13 On transfer, the Culture service formed a separate operating arm of the company, labelled "Culture". This enables clear open and transparent finances. We will ensure, however, that there are not silos between "Culture", "Vivacity" and "Aragon", and the service managers and teams work together. All operational areas report into the same Operations Director.
- 4.14 The Company will then "Run, Review and Reshape" the services. This will take into account the Council's strategic and service provision views, commercial opportunities, and the future financial challenges. These services will be reviewed fully with PCC as the lead.

4.15 An all-Culture staff welcome session and training was successfully held on Monday 9th May. Staff were very engaged and gave good feedback and ideas. It is clear that staff have been nervous and are seeking clarity on the future for the services and their roles.

P-Ltd Cross Cutting elements

4.16 Current pressures facing the whole company, and indeed the county is the impact of inflation across all areas, especially relating to fuel and the increase in staffing costs due to National Insurance and minimum wage increases. Before the start of the current financial year, P-Ltd had seen over £500K in increased inflationary costs, but only a £130K contract payment cost increase from PCC.

Gender Pay Gap

4.17 The Company has calculated its gender pay gap statics for the last financial year. The gender pay gap or gender wage gap is the average difference between the remuneration for men and women who are working. Gender pay gap data sets out the difference in average pay of all women compared to the average pay of all men within the company, regardless of type of work or level of work done. It also does not consider whether staff are full time, part time, set hours or Zero hours.

4.18 P-Ltd has a Gender Pay Gap 1.96% in favour of Women. A positive figure indicates a pay gap in favour of men and a negative figure indicates a gap in favour of women

Female Staff Total	Males Staff Total	Female Mean Hourly Rate	Male Mean Hourly Rate	Female Median Hourly Rate	Male Median Hourly Rate	Gender Pay Gap (Mean)
281	379	£11.60	£11.37	£9.50	£9.60	-1.96%

4.19 The positive figure in favour of women is driven by the Culture and Leisure parts of the business. Overall in the company the mean pay for women is higher, but the Median pay is lower.

	Female	Males	Female %	Male %
Upper Quartile	80	85	48%	52%
Upper Middle Quartile	55	110	33%	66%
Lower Middle Quartile	74	91	45%	55%
Lower Quartile	72	93	44%	56 %

4.20 Our gender pay gap has been reported to government and further details will be reported and published with our Annual Strategic Report.

Business Plan Update

4.21 In our second full year of operation the company focus was on onboarding and stabilising new areas of operation such as Leisure, growing our property business and facilities management customer base, and imbedding a secure financial position. The full list of business plan areas of focus across 2020 to 2023 and progress against them can be seen in Appendix 2.

4.22 Some of the key elements planned for the third year of operation (2022/23) the company would:

- Focus on reviewing and remodelling Culture services with PCC

- Grow our share of the commercial recycling and waste market in the Peterborough areas, and expand our commercial facilities management offer.
- Continue to deliver high quality services to PCC specifications via Aragon Direct Services
- Work to ensure Vivacity has recovered to pre COVID levels.
- Work with PCC to finalise the last elements of replacing the ageing P-Ltd fleet to improve resilience and reduce the impact on the environment. This will include the move to our first electric recycling and waste vehicles.

4.23 The Company's three-year business plan 2020 to 2023 comes to an end in April 2023. In September work will start on the new business plan for the company, to bring to the Shareholder Committee in early 2023.

5. CONSULTATION

5.1 No consultation is required at this time.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The Company will continue to:

- Run its the core services as efficiently as possible
- Work to build back the leisure business in a post COVID world
- Review the future for Culture services with PCC
- Expand our commercial services offering

7. REASON FOR THE RECOMMENDATION

7.1 It is recommended that the Shareholder Cabinet Committee note the information within the report and the progress against the business plan.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Shareholder Cabinet Sub Committee could choose to not note this report but instead request alternative directions are explored for the Company.

9. IMPLICATIONS

Financial Implications

9.1 See Appendix 1 Part 3- Exempted Section Not for Publication

Legal Implications

9.2 Peterborough limited is a "Teckal" compliant company (advice is detailed in KEY/11JUN18/04 – Link found in background documents) and thus exempt from needing to compete with other companies under procurement legislation for works and service for the Council.

Peterborough limited is a "Teckal" complaint company which gives it the ability to trade commercially up to 20% of its turnover over a three-year period. As such, at least 80% of the company's income must come from the Council.

Equalities Implications

9.3 There are no negative equalities implications.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Cabinet Meeting, 11th June 2018. Item 6
<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4142>
- Cabinet Meeting, 17th December 2018. Item 4.
<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=116&MId=4214>
- Shareholder Committee Meeting, 2nd March 2020. Item 5.
<https://democracy.peterborough.gov.uk/ieListDocuments.aspx?CId=721&MId=4346&Version=4>

11. APPENDICES

- 11.1 Appendix 1 – Exempted Section Not for Publication
- Appendix 2 – Business Plan Areas of Focus 2020 to 2023 and Progress against them

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank




Appendix 2: SHAREHOLDER CABINET COMMITTEE

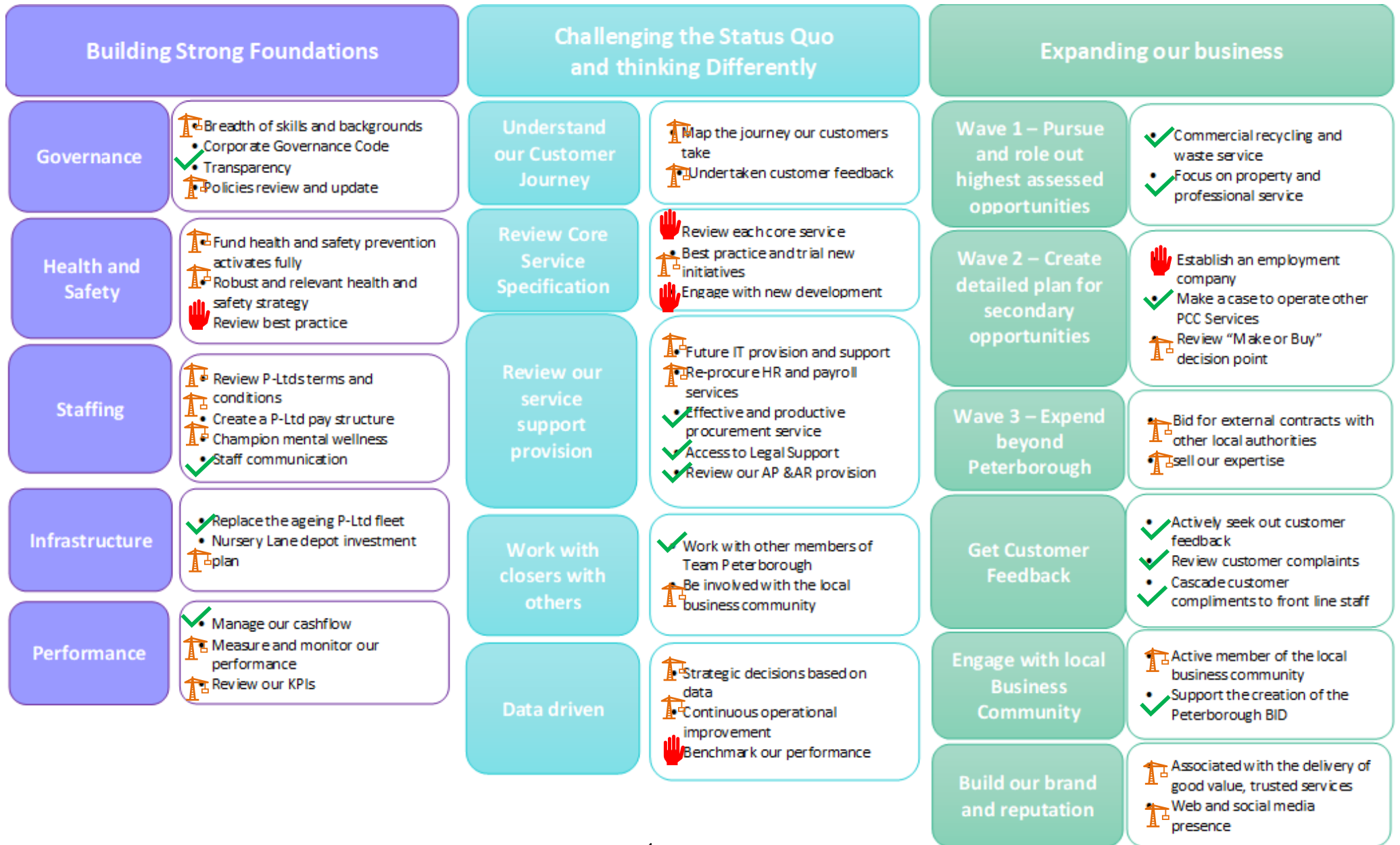
Business Plan Areas of Focus 2020 to 2023 and Progress against them

As part of our 2019 – 2023 business plan set our focus in three main areas to move the business forward.



The tasks and their status can be seen below. Progress against their status is makes as per the key below:

Key	
	Complete and/or now ongoing
	In Progress
	Not Started



Shareholder Cabinet Committee Work Programme 2022/23

Meeting Date	Item	Comments
13 June 2022 <i>Draft Report: 25 May 2022</i> <i>Final Report: 1 June 2022</i> <i>Deadline for Exempt Information Notice: N/A</i>	Guidance for Member and Officers who Serve on Outside Bodies Lead Officer: Fiona McMillan	
	Mayor's Charities Lead Officer: Rachel Edwards	
	Peterborough Limited Leisure Lead Officer: Adrian Chapman	
12 September 2022 <i>Draft Report: 24 August 2022</i> <i>Final Report: 31 August 2022</i> <i>Deadline for Exempt Information Notice: 12 August 2022</i>	City of Culture Peterborough	
	NPS	
	Opportunity Peterborough – Interim Report	

	Peterborough HE Property Company Ltd	
	Peterborough Investment Partnership	Deferred from February 2022
7 November 2022 <i>Draft Report: 19 Oct 2022</i> <i>Final Report: 26 Oct 2022</i> <i>Deadline for Exempt Information Notice: 7 Oct 2022</i>	Peterborough Limited Update	
	Medesham Homes	
27 February 2023 <i>Draft Report: 8 Feb 2023</i> <i>Final Report: 15 Feb 2023</i> <i>Deadline for Exempt Information Notice: 27 Jan 2023</i>	Peterborough Investment Partnership	
	Opportunity Peterborough	