

CABINET	AGENDA ITEM No. 5
4 February 2019	PUBLIC REPORT

Report of:	Annette Joyce, Service Director Environment and Economy	
Cabinet Member(s) responsible:	Councillor Holdich, Leader of Peterborough City Council	
Contact Officer(s):	Annette Joyce, Service Director Environment and Economy	Tel.01733 452520

GOVERNANCE OF COUNCIL COMPANIES, PARTNERSHIPS AND CHARITIES

RECOMMENDATIONS	
FROM: Councillor Holdich, Leader of Peterborough City Council	Deadline date: N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the Leader of the Council's approval of the revised Executive Procedure Rules, Executive Delegations, and related structure chart as set out Appendix A and B to this report for the purposes of formal oversight of the Council's companies partnerships and charities which comprise of additions to the delegations to Cabinet and the setting up of a Shareholder Cabinet Committee. 2. Notes the proposed Membership of Council's Shareholder Cabinet Committee as detailed in section 3.6 of this report. 3. Approves the amendment of Peterborough Limited's Articles of Association to adopt the revised list of reserved matters as set out in Appendix C to this report. 4. Recommends to Full Council the revised Audit Committee Terms of Reference set out in Appendix A of this report. 	

1. PURPOSE AND REASON FOR REPORT

- 1.1 Over a number of years the Council has secured delivery of its services through a number of different arrangements. These have ranged from wholly owned companies of the Council, joint venture partnerships, charities through to private outsourced arrangements. At its meeting on 17th December 2018, the Cabinet approved a business plan for its new local authority trading company, Peterborough Limited (the "Company") to take back from Enterprise Managed Services Limited a range of services including waste collection and disposal. In the report to Cabinet it was agreed that a new Cabinet Committee to be called the "Shareholder Cabinet Committee" would be set up to monitor and oversee the performance of this company. This report acknowledges that all of the arrangements the Council has established to deliver services need to be brought together in a single framework to ensure consistent and robust oversight and challenge. The report therefore sets out the Leader's decision to ensure the proper governance of the council's companies, partnerships and charities through Cabinet and a new Shareholder Cabinet Committee.

- 1.2 The report also recommends to Council that the Audit Committee’s term of reference are revised to consider reports on the performance of the Council’s companies, partnerships and charities alongside comments from the Shareholder Cabinet Committee.
- 1.3 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1, ‘*To take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services.*’

2. TIMESCALES

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

3. ARRANGEMENTS IN DETAIL

3.1 The Council’s Constitution at part 3, Delegations Section 3 states that:-

“All executive functions are delegated to the Leader who may then delegate further to the Cabinet, Committees of the Cabinet, Cabinet Members and Officers.”

3.2 This provision enables the Leader to delegate the necessary decisions for Cabinet to make in relation to the governance of the Council’s companies, partnerships and charities as well as operational aspects of that governance through the new Shareholder Cabinet Committee. Appendix A, Part 1 sets out the Leader’s delegations and associated constitutional amendments in relation to these functions and in essence the Cabinet will set the policy, strategy and objectives for the operation of these organisations as well as approval of their business plans and the Shareholder Cabinet Committee will monitor the financial and service performance of these organisations against the approved business plan. In the following paragraphs these arrangements are set out in detail.

3.3 This new framework, though approved by the Leader and before Cabinet for noting, is designed to achieve the following objectives:-

- Clear transparent and consistent accountability for the setting of policy, strategy and objectives for these organisations;
- Clear transparent and consistent accountability for the financial and service performance and monitoring of the organisations for the services provided to the residents of Peterborough;
- Oversight by a single Shareholder Cabinet Committee of all these organisations, meeting in public and subject to scrutiny through the Scrutiny Committee for Growth, Environment and Resources and accounting to the Council’s Audit Committee.

- 3.4 The Companies, Partnerships and Charities that will be covered by these new arrangements and which are set out in the structure chart at Appendix B are:-
- a) Peterborough Limited,
 - b) Blue Sky Peterborough,
 - c) Empower Peterborough,
 - d) Opportunity Peterborough,
 - e) Peterborough Investment Partnership LLP,
 - f) Medesham Home LLP,
 - g) NPS Peterborough Ltd,
 - h) Peterborough Museum and Art Gallery
 - i) The Mayor's Charity, and
 - j) Vivacity Culture and Leisure ("Vivacity").

3.5 **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."

3.6 **Shareholder Cabinet Committee**

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.

The Shareholder Cabinet Committee would be 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 make recommendations to Cabinet in relation to investments, loans and assets;
- e) To oversee the relationships between with 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.”

3.7

Membership, frequency of meetings and quorum of the Shareholder Cabinet Committee

The Shareholder Cabinet Committee will comprise a maximum of 5 Members determined annually by the Leader of Peterborough City Council. The Leader has determined that the following members will be appointed to that committee from 4th February 2019:-

Councillor Fitzgerald (Chairman)
Councillor Cereste
Councillor Smith
Councillor Seaton
Councillor Walsh

Councillor Fitzgerald has been appointed as first Chairman of the Shareholder Cabinet Committee by the Leader with its Membership determining the Vice Chairman at its First meeting.

Meetings will be scheduled quarterly or at alternative times at the discretion of the Chairman. 3 Members will be required in order for the Committee to be quorate.

3.8

Revised List of Reserved Matters for Peterborough Limited only

Peterborough Limited adopted model Articles of Association on its incorporation. The Articles are the rules according to which the Company will operate and are subject to modification to fit the Company’s particular requirements.

Cabinet is now being asked to approve the amendment of Peterborough Limited’s Articles of Association by adopting a revised list of matters in relation to which the Council will be the decision-maker (the “Reserved Matters”) which are set out at Appendix C. If approved, amended Articles of Association will be presented to the next Board of Peterborough Limited for its adoption.

The Reserved Matters shall be applicable only to those items of Peterborough Limited’s business which are not already included within a Cabinet approved Business Plan. The parties will adopt an agreed process by which approval of Reserved Matters may be requested by Peterborough Limited and approved by the Council.

- 3.9 As stated in paragraph 1.2 above there are also revisions to be made to the Audit Committee delegations which Cabinet need to recommend to Council and all the constitutional changes are set out in Appendix A to this report.

4. CONSULTATION

- 4.1 We are in discussion with the relevant internal and external partners and will continue to keep them informed as these arrangements come into effect.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 The anticipated outcome is improved and consistent monitoring of the performance of Council companies and organisations and greater Council control and oversight over activities than previously enjoyed.

6. REASON FOR THE RECOMMENDATION

- 6.1 There is a requirement for the Council to have in place appropriate Governance arrangements

for all its activities including those operated via partnerships, Companies or Charities.

7. IMPLICATIONS

7.1 Financial implications

There are no financial implications arising from the recommendations.

7.2 Legal implications

The Council has previously received both internal and external legal advice regarding the creation of its Local Authority Company and the best way to achieve an appropriate and effective governance framework for both Peterborough Limited and its other companies, partnerships and charities.

This advice has been detailed in previous Cabinet Reports KEY/11JUN18/04 and DEC18/CAB/65 and included consideration of the clarity of the chosen governance framework, that roles and responsibilities do not conflict or are properly managed, how strategic decisions are made, the parameters and monitoring of operations and board appointments.

As a result of the legal advice received, the Council has developed the Governance framework detailed within this report to regulate its relationship with Peterborough Limited and with its other companies, partnerships and charities.

7.3 Equalities implications

There are no negative equalities implications.

7.4 Property implications

None resulting from issues covered by this report.

7.5 HR implications

- Currently the Council structure has a client side function, fulfilled by 2 posts, for the management of the current contracted services.
- It is essential that the account management governance structure is maintained which is supported by external legal advice.
- This Client side function will monitor performance of Peterborough Limited and support the arrangements and co-ordination of information between Companies and the Shareholder Cabinet Committee.

8. BACKGROUND DOCUMENTS

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

8.1 Cabinet decision DEC18/CAB/65

9. APPENDICES

9.1 Appendix A – Amendment to the Council's Constitution
Appendix B – Revised Governance Arrangements
Appendix C – Revised Reserved Matters

This page is intentionally left blank