

SHAREHOLDER CABINET SUB-COMMITTEE	AGENDA ITEM No. 3
24 June 2019	PUBLIC REPORT

Report of:	Acting Corporate Director, Resources	
Cabinet Member(s) responsible:	Cllr Wayne Fitzgerald, Deputy Leader and Cabinet Member for Adult Social Care, Health & Public Health	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director, Resources	Tel. 452520

Shareholder Cabinet Sub-Committee - Overview Report

RECOMMENDATIONS	
FROM: <i>Acting Corporate Director, Resources</i>	Deadline date: <i>N/A</i>
<p>It is recommended that the Shareholder Cabinet Sub-Committee:</p> <ol style="list-style-type: none"> 1. Note the remit of the Committee and the base data contained in the report. 2. Approve the guidance note "Guidance for Member & Officers who serve on outside bodies" attached at Appendix K to the report and its circulation to all members and officers. 3. Approve the work plan for future meetings as set out at paragraph 6.1 of the report. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Shareholder Cabinet Sub-Committee following a resolution from Cabinet on 17 December 2018, which set up the Committee's terms of reference.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- Set out the remit and powers of the Committee (at its inaugural meeting);
- Set the initial baseline in terms of financial performance and purpose of the Council companies, partnerships and charities that the Committee has responsibility for;
- Highlight potential conflicts of interest that members need to be aware of in order to manager interactions more proactively;
- Propose areas to review in more depth in future meetings.

2.2 This report is for the Shareholder Cabinet Sub-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
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4. BACKGROUND AND KEY ISSUES

4.1 This report:

- Sets out why the Council requires a Shareholder Cabinet Sub-Committee;
- Sets out the Shareholder Cabinet Sub-Committee terms of reference and how it interacts with Cabinet;
- Lists those Council companies, partnerships and charities that the Committee has responsibility for including their purpose and the latest set of accounts;
- Sets out how the client function should work in support of the Council in managing its interactions with these entities;
- Sets out a work programme in order for the Committee to ensure it has clear and effective Council governance and oversight of these entities.

4.2 The Requirement for a Shareholder Cabinet Sub-Committee

The Council has established a governance framework to demonstrate that it is clearly managing its differing responsibilities, as both an owner and separately as client of the Companies, partnerships and charities it has a significant interest in.

Such governance will demonstrate:

- 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 each organisation for the services provided to the residents of Peterborough;
- Oversight by a single Shareholder Cabinet Sub-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.

To this extent, the Council has obtained external legal advice and has considered how a potential governance structure could operate to show clear and effective Council governance and oversight of these entities.

The chart at Appendix A illustrates the governance structure. As part of this structure, a new overarching Shareholder Cabinet Sub-Committee made up of 5 members would be formed with decision making and advisory powers. The Shareholder Cabinet Sub-Committee will be a sub-committee of Cabinet so it will have the power to make decisions on behalf of the Cabinet in relation to the Council's other organisations such as partnerships and charities.

The benefits of adopting the structure and responsibilities set out in Appendix A are:

- effective protection for the Council against potential poor performance and excessive risk, meeting Teckal requirements, timely decision making;
- 3 tier split decision making in order to reflect and manage the Council's differing responsibilities as owner and a client;
- it monitors the Company's (partnerships and charities) interaction with the Council and with each other in order to make recommendations to Cabinet;
- it is in accordance with the external legal advice set out in the Local Authority Trading Company Report approved by Cabinet on the 17th December 2018.

Whilst there is a risk that under this structure decision making is limited to members on the Shareholder Cabinet Sub-Committee, this can be mitigated by requiring key decisions relating to share ownership, financial investments and reserved matters to be approved only by Cabinet.

The Council's Monitoring Officer and Section 151 Officer will provide support to the Shareholder Cabinet Sub-Committee. In addition, the decisions made by the Shareholder Cabinet Sub-

Committee will be reviewed by the Audit Committee and the Scrutiny Committee for Growth, Environment and Resources.

The “Governance of Council Companies, Partnerships and Charities” report of 4th February 2019 set out the requirements for a Shareholder Committee and requested and gained approval of the Governance structure and arrangements described in section 3 of that Report for the purposes of formal oversight of the Council’s companies and organisations.

4.3 **Shareholder Cabinet Sub-Committee Purpose and Functions**

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

- (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”).

The Shareholder Cabinet Sub-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 Sub-Committee by the Monitoring Officer, the Section 151 Officer and other client officers as appropriate.

Functions of the Shareholder Cabinet Sub-Committee

The Shareholder Cabinet Sub-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 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 Sub-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."

Membership

The Shareholder Cabinet Sub-Committee will comprise five Cabinet Members to be determined by the Leader annually. The Chairman and Vice-Chairman of the Committee will also be appointed by the Leader on an annual basis. 3 members will be required in order for the Committee to be quorate.

Addition to the Audit Committee Terms of Reference

To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

4.4 Council companies, partnerships, and Charities - Purposes and Accounts

(a) Peterborough Limited

It is the mission of Peterborough Limited to provide high quality services to the residents and businesses of Peterborough in an efficient, effective, flexible and innovative way for the benefit of everyone who lives in, works in or visits our City.

Peterborough Limited aims to:

- Improve and maintain the delivery of high quality services for residents;
- Provide and grow commercial services that support local businesses, the proceeds of which will reduce the level of funding required from the Council in order to deliver services to residents;
- Encourage a culture in which staff can flourish by providing support and development opportunities;
- Promote "Localism" whereby
 - businesses purchasing services from Peterborough Limited know their spend will make a return that is invested in the City in which they operate to the benefit of their employees and families
 - employees of Peterborough Limited are incentivised to improve the quality of services delivered and drive business improvements that control cost, to optimise the return that is invested in the City in which they live
- Offer flexible services that meet the needs of a growing, vibrant and multicultural City;
- Deliver best value for money to the Council and its residents.

Appendix B - Local Authority Trading Company LATCO Report - Cabinet - 17th December 2018

Councillor Representatives: Cllr Farooq; Cllr Simons

(b) Blue Sky Peterborough

Blue Sky Peterborough Ltd was established in 2011 and is a wholly owned subsidiary of Peterborough City Council.

Blue Sky Peterborough, an Energy Services Company (ESCo), has the mission to facilitate investment and development of renewable energy generation projects as well as energy efficiency initiatives.

Blue Sky Peterborough is currently operating as a dormant company.

Appendix C - Blue Sky Peterborough Abbreviated Accounts 1/4/2017 to 31/3/2018

Councillor Representatives: Cllr Allen; Cllr Cereste

(c) Empower Peterborough

A strategic partnership between the Council and Empower Community Management LLP, that's primary purpose was to deliver the installation of solar PV on residential properties in the city and deliver a community benefit scheme to Peterborough making it the first scheme of its type in the UK and in particular, the first of its kind that involves a Council.

Appendix D - Empower Peterborough CIC Accounts year ended 31/3/2018

Councillor Representative: Cllr Cereste

Officer Representative: Peter Carpenter

(d) Opportunity Peterborough

Opportunity Peterborough's mission is to support economic growth across the city, improving prosperity, job opportunities, and life chances for those who live and work here. It does this by engaging with local companies to support growth and development, by marketing Peterborough to attract new businesses, by working with partners at a strategic level to create an enabling environment, and by playing a leading role in the city's skills agenda to ensure the current and future talent pool have the skills they need to drive the city forward.

Appendix E - Opportunity Peterborough Limited Annual Report and Financial Statements year ended 31/3/2018

Councillor Representatives: Cllr Holdich; Cllr Hiller

(e) Peterborough Investment Partnership LLP

PIP was formed in January 2015, with a mandate to secure regeneration of key city centre sites. Its first project was to be the long-desired regeneration of Fletton Quays, formerly part of the wider South Bank master plans developed over the previous decades.

The formation of PIP follows the great strides Peterborough has made as a city, being one of the fastest growing in the UK with a diverse population and diverse – and resilient – economy. This formation recognised that despite success in many areas some long-term aspirations (like Fletton Quays in the south of the city centre and North Westgate in the north) have not been realised. PIP was created to help spearhead delivery of key regeneration areas.

Appendix F - Members & Consolidated Financial Statements Year Ended 31/3/2018
Peterborough Investment Partnership LLP

Councillor Representatives: Cllr Holdich; Cllr Hiller

(f) Medesham Homes LLP

The principal activity of Medesham Homes Limited Liability Partnership (LLP) is that of development of land and construction of "affordable" homes. The current developments are in relation to sites known as Midland Road, Bretton Court, Fengate Connect, Belle Vue, Tenterhill and London Road.

The LLP has been set up as a joint venture between Peterborough City Council and CKH Developments Limited (the designated members) and Medesham Limited.

Appendix G - Medesham Homes LLP Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representative: Cllr Hiller

(g) NPS Peterborough Ltd

NPS Peterborough Ltd is a ten year Joint Venture between the Council and NPS to deliver property estate and asset management services for the Council. This is an innovative joint venture that the Council has set up to ensure services to the residents of Peterborough and it's partnerships with business and investors in the city and surrounding region are delivered effectively and efficiently.

The joint venture between the Council and NPS is a 50/50 partnership where together we plan, manage, develop and enhance the Council's estate and look for opportunities to acquire and benefit from property based developments and initiatives.

Appendix H - NPS Peterborough Ltd Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representative: Cllr Hiller

(h) Peterborough Museum and Art Gallery

Aims & Activities - Provision and maintenance of a museum and art gallery for the City of Peterborough and neighbourhood; for the preservation and exhibition of specimens of natural history, geology, archaeology, social history and the fine arts and as a centre for promoting artistic and general knowledge, and providing access to collections for the purpose of knowledge, education, research and learning.

Appendix I - Peterborough Museum and Art Gallery Annual Report and Financial Statements Year Ended 31/3/2018

Councillor Representatives: Cllr Allen

(i) The Mayor's Charities

The Mayor along with a charities committee, fund raise by holding events and through the generosity of donations. At the end of the Mayoral year, funds are divided between the chosen charities and used for these in need in and around the city of Peterborough.

For 2019-2020, The Mayor, Councillor Gul Nawaz has chosen the following three charities:

- Little Miracles
- Carers Trust Peterborough
- Friends of Peterborough Hospitals

(j) Vivacity

Vivacity is an independent, not-for-profit organisation with charitable status. They manage many of Peterborough’s most popular culture and leisure facilities for both residents of the city and visitors to Peterborough.

Vivacity provides a myriad of opportunities for people to take part in cultural and leisure activities. Art, heritage, learning, sport and healthy living form the mainstay of our services, with the specific purpose to enrich and inspire lives in partnership with various organisations and stakeholders.

Councillor Representatives: Cllr Allen; Cllr Bashir

4.5 Overview of Issues

The accounts of the 9 Companies presently in scope of this committee show that:

- 4 have a turnover greater than £1m
- The combined group have fixed assets of £2.1m
- The combined group have reserves of £2.7m

The above data is taken from the latest sets of accounts available which are the 2017/18 accounts.

The Council, as part of its annual governance process allocates members and officers to various companies and boards. One of the significant responsibilities of this 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 will:

- Need to understand potential conflicts of interest between Company Board member’s statutory requirements and Council objectives;
- What needs to be put in place in terms of Governance and Client Management of these Companies in order to ensure Council objectives are delivered. This will involve a review of the role of the Client Function (which is set out in the next section and is based on the Peterborough Limited specification) to ensure that:
 - This is the appropriate client structure (and that there is no duplication of work);
 - There is a client function in place for each of the Companies;
 - That this function and the relationships with the Cabinet members is appropriate;
 - That the various Client functions - are connected to ensure effective use of Council resources.

The Monitoring Officer has prepared a guidance note “Guidance for members & officers who serve on outside bodies” for the Committee’s approval which is attached as Appendix K. Once approved it shall be sent to all councillors and officers.

4.6 Establishment of a “Smart” Client Team

There is a requirement for an in-house client management team to act as the interface between the Council and the various Companies, to act in the best interests of the Council and with responsibility for ownership, management and delivery of a defined set of outcomes in the delivery of Services by the Company.

These client officers will not be the same persons who sit on the Company Board. The remit of the Peterborough Limited client function is set out below:

- contract and project management
- commissioning service and negotiating and agreeing service agreements
- setting performance levels and service standards and monitoring performance against standards, payments, timelines and performance levels/indicators.
- managing changes to service delivery and performance and determining forward strategy.
- acting as first stop forum to consider matters which are outside the Business Plan.
- arranging and obtaining Council approvals through the Council's internal governance process (Contract Rules)
- acting in the Council's best interests The benefits of setting up an in house client team are: i) Interface between the Council and Company Board ii) clear separation of client and provider functions ii) proper resource of client side functions to support the Company

Peterborough Limited has significantly higher turnover levels than other companies and as such there is a formal process for the delivery of the Council client function. Due to the remit, transactional volumes, and existing reporting setu/requirements of other existing companies this client arrangement is totally replicated in other entities.

It is proposed that the Council move to a clienting model for all entities that is similar to the remit of the Peterborough Limited model - appropriately sized for the nature of the entities business with named client lead.

This will then ensure that regular cross client meetings can take place to ensure congruence of purpose across all entities.

5. CONSULTATION

- 5.1 This is the first meeting of this Committee which sets out its remit. This remit was part of the LATCo cabinet paper from December 2018.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The purpose of this report is to:

- Set out the remit and powers of the Committee (at this inaugural meeting);
- Set the initial baseline in terms of financial performance and purpose of the Council companies, partnerships and charities that the Committee has responsibility for;
- Highlight potential conflicts of interest that members need to be aware of in order to manager interactions more proactively;
- Propose areas to review in more depth in future meetings.

Section 4 sets out the remit and powers of the Committee as well as the initial baselines of the Companies and interests it has responsibility for. Section 4.5 in particular highlights the issues that the Committee will need to be aware of and overcome in order to ensure its aims and objectives are delivered by these organisations.

It is proposed that the following three areas are looked at in more detail at the next meeting:

- Overall Governance Arrangements;
- Medesham Homes LLP (linkages to the delivery of Temporary Accommodation);
- NPS peterborough Limited (linkages to the delivery of Temporary Accommodation).

Following this there should be 2/3 entities looked at in detail at each meeting along with any Governaceor cross cutting issues that might arise. The following schedule is suggested

Meeting 2

- Peterborough Limited
- Empower Peterborough
- The Mayor's Charity

Meeting 3

- Opportunity Peterborough
- Peterborough Investment Partnership LLP

Meeting 4

- Vivacity
- Peterborough Museum and Art Gallery
- Blue Sky Peterborough

7. REASON FOR THE RECOMMENDATION

- 7.1 This is a new Committee and this is the inaugural meeting. The report ensures that members:
- Understand the remit of this Committee;
 - Have a baseline of data in order to understand how these companies perform
 - Have a plan for items to discuss at future meetings (a workplan)

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This report sets out the baseline for this new committee. This is its first meeting. If this Committee did not meet, existing arrangements for the management of these organisations would continue. These arrangements are not joined up as they span multiple directorates and Scrutiny Committees.

9. IMPLICATIONS

Financial Implications

- 9.1 Accounts for all these entities are in the appendices.

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.

10. BACKGROUND DOCUMENTS

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

- 10.1 Local Authority Trading Company (LACTo) Report - Cabinet - 17th December 2018
Governance of Council Companies, partnerships and Charities - Cabinet - 4th February 2019

11. APPENDICES

- 11.1 Appendix A - Governance Structure
Appendix B - Local Authority Trading Company LATCO Report - Cabinet - 17th December 2018
Appendix C - Blue Sky Peterborough Abbreviated Accounts 1/4/2017 to 31/3/2018
Appendix D - Empower peterborough CIC Accounts year ended 31/3/2018
Appendix E - Opportunity Peterborough Limited Annual Report and Financial Statements year ended 31/3/2018
Appendix F - Members & Consolidated Financial Statements Year Ended 31/3/2018
Peterborough Investment Partnership LLP
Appendix G - Medesham Homes LLP Annual Report and Financial Statements Year Ended 31/3/2018
Appendix H - NPS Peterborough Ltd Annual Report and Financial Statements Year Ended 31/3/2018
Appendix I - Peterborough Museum and Art Gallery Annual Report and Financial Statements Year Ended 31/3/2018
Appendix J - Vivacity Management Accounts
Appendix K - Guidance for Member & Officers who serve on outside bodies

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