

# North Yorkshire County Council

## Shareholder Area Committee

Minutes of the meeting held on 24 April 2018 commencing at 1.00 p.m. at County Hall, Northallerton.

**Present:-**

Members:-

County Councillors Gareth Dadd, Carl Les and Don Mackenzie

Officers:-

Gary Fielding (Corporate Director, Strategic Services), Barry Khan (Assistant Chief Executive, Legal and Democratic Services), Michael Leah (Assistant Director, Strategic Resources) and Patrick Duffy (Democratic Services)

In attendance:

County Councillors Andrew Lee and Greg White

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**Copies of all documents considered are in the Minute Book**

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**1. Confirmation of Appointment of Chair**

**Resolved -**

That Councillor Carl Les be appointed Chair of the Committee.

Councillor Les in the Chair

**2. Confirmation of Appointment of Vice-Chair**

**Resolved -**

That Councillor Gareth Dadd be appointed Vice-Chair of the Committee.

**3. Declarations of Interest**

The following interests were declared in respect of the reports on the Agenda concerning *Review and Note Performance of Brierley Group*; and *Review and Decision on Brierley Group Business Plans*

- Councillor Dadd declared an interest in matters relating to Veritau, as a Director of the Company.
- Councillor Les declared an interest in matters relating to NYnet, as a Director of the Company
- Councillor Mackenzie declared an interest in matters relating to NYnet, as a Director of the Company
- The Corporate Director of Strategic Resources declared an interest in matters relating to Veritau, as a Director of the Company.

- The Assistant Chief Executive (Legal and Democratic Services) declared an interest in matters relating to First North Law, as a Director of the Company.

#### 4 Terms of Reference

It was noted that, as a shareholder, the Council's role is not to manage the business of the companies on a day to day level. The Boards of the individual companies will be responsible for running the business and should be given sufficient freedom to deliver the strategic and operational priorities of the company. The Board should have Directors with the right skill to be able to manage the business of the company.

In order to strengthen the Council's governance arrangements over the ownership rights of the companies, the vast majority of formal decision making on behalf of the Council regarding the companies would be made by this Committee.

The full Terms of Reference of the Committee were approved by the Executive at its meeting on 17<sup>th</sup> October 2017 and can be accessed from the link below:-

<http://democracy.northyorks.gov.uk/Committees.aspx?commid=18&meetid=3595>

5. **Exclusion of the public from the meeting during consideration of each of the items of business listed in Column 1 of the following table on the grounds that they each involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation) Order 2006:-**

Item number on the agenda	Paragraph Number
7 (Appendix)	3
8	3

#### 6. Public Questions or Statements

No public questions or statements had been received.

The Committee felt that it was important to encourage Members of the Council to attend meetings of this Committee.

The Chair said that he would write to the other Political Group Leaders about this and include information about the Committee in his forthcoming Council Statement.

#### 7. Review and Note Performance of Brierley Group

Considered -

The report of the Assistant Director for Strategic Resources which showed the financial performance of Brierley Group companies for the financial year, 2017/18. The Appendix to the report contained exempt information.

The Assistant Director highlighted that, overall, financial performance was strong with an expected outturn of just below target.

There had been a number of successes for each of the companies, which included:-

- Award of the Local Full Fibre Network bid to NYnet

- Successful tender on Cumbria's property design framework, giving Align Property Partners a platform to grow the business into that region.
- Completion of the Todd's acquisition by Yorwaste and successful integration and no noteworthy disruptions to either business.
- Yorwaste's mobilisation of York Council's & North Yorkshire County Council's HWRCs having taken over operations from Kier.
- Appointment of Commercial Director for NYES with renewed focus on developing the business outside of North Yorkshire.
- Planning consent and appointment of building contractor at Thorpe Willoughby
- Completion of Solicitors Regulation Authority by First North Law and opening for business.
- Veritau winning key work with a number of other Local Authorities

Looking ahead, the Brierley Group had the potential to move area in a number of areas.

There had been one or two disappointments, such as Align not having been successful in their bid for York City Council's Framework Contract. In response to a question from a Member as to the reason for this, the Assistant Director advised that feedback received was that the bid was strong on quality but not as strong on pricing.

The Corporate Director for Strategic Resources commented that the Group should be prepared to lose some bids and learn from this.

**Resolved -**

That the report be noted.

**8. Review and Decision on Brierley Group Business Plans**

Considered –

The report of the Assistant Director for Strategic Resources. The report, which contained exempt information, set out the Business plans for each of the Brierley Group Companies.

The Assistant Director took Members through the report, highlighting key aspects from each of the Business Plans.

With respect to the Business Plan for First North Law, the Assistant Chief Executive (Legal and Democratic Services) advised that the company was one of only a handful of Local Authority owned Solicitors' Firms. The company was now up and running and would be concentrating on selling its expertise – rather than seeking work in new fields.

Members raised the following points:-

- The profit figure for Veritau did not seem particularly high. The Corporate Director for Strategic Resources advised that he was comfortable with the figure, as it needed to be borne in mind that the work undertaken by the company leads to savings in other areas.
- Was the loan provided to Brierley Homes sufficient to fulfil its ambition and what would the process be if an additional amount was sought? The Corporate Director for Strategic Resources advised that that it was anticipated the loan would be

sufficient. Any request for a future loan would require the approval of the Executive and would be based on a track record of delivery.

- Was there confidence that officers had the amount of time required to devote to Brierley Homes and that they were sufficiently incentivised? The Corporate Director for Strategic Resources responded that learning would be gained from the pilot project. The incentive was sufficient, given the consequences of not meeting the Business Case.
- Still on Brierley Homes, there seem to be a number of risks to contractors. The Assistant Chief Executive (Legal and Democratic Services) confirmed that some of the risk transfers from the company, but not all.
- Had consideration been given to First North Law linking up with Yorkshire Purchasing Organisation (YPO)? The Assistant Chief Executive (Legal and Democratic Services) responded that First North Law would be working with YPO on a new procurement.
- With regard to Yorwaste, does York City Council have the equivalent of a Shareholder Committee and, if so, do they share reports with the County Council? The Assistant Director for Strategic Resources confirmed that this was the case.
- Was there a risk that Align become over-reliant on one key client? The Corporate Director for Strategic Resources said this was a possibility and the company were seeking to mitigate this by diversifying.
- What happens to profits made? The Corporate Director Strategic Resources advised these would sit on the Balance Sheet and be distributed to Shareholders.

**Resolved –**

That the Brierley Group Business Plans be approved.

**9. Future Meetings**

**Resolved –**

That meetings of the Committee be held every four months, initially.

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