



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

SHAREHOLDER COMMITTEE

Minutes of the meeting of the Shareholder Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Monday 25th September 2017 commencing at 4:00pm.

PRESENT

Cllr David Chaplin (Chairman)
Cllr Mike Bradley
Cllr Steve Cheetham
Cllr Lorna Dupré
Cllr Richard Hobbs
Cllr Alan Sharp

OTHERS

Maggie Camp – Legal Services Manager and Monitoring Officer
Ian Smith – Principal Accountant
Adrian Scaites-Stokes – Democratic Services Officer
Paul Remington – Chairman, East Cambs Trading Company
Emma Grima – Director, East Cambs Trading Company
Phil Rose – Director, East Cambs Trading Company
Paul Cullen – Price Bailey

3. **PUBLIC QUESTION TIME**

There were no public questions.

4. **APOLOGIES AND SUBSTITUTIONS**

Apologies were received from Councillor David Brown and John Hill, Managing Director of the Trading Company

5. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

6. **MINUTES**

It was resolved:

That the minutes of the Shareholder Committee meeting held on 25th May 2017 be confirmed as a correct record and be signed by the Chairman.

7. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements.

8. EAST CAMBS TRADING COMPANY ACCOUNTS 2016/17

The Committee considered a report, reference S118, previously circulated, that set out the Trading Company accounts for 2016/17.

Mr Cullen explained to the Committee that Price Bailey acted as the auditors for the Trading Company. The auditors had checked the controls in place, policies, liabilities, training, rules and regulations and obtained evidence to confirm the numbers in the accounts. Some figures included estimates, but these were found to be reasonable assumptions. There were no matters that necessitated reporting as requiring attention.

The Directors' report had disclosed all relevant matters and there was nothing untoward found. The accounts showed the revenues and costs figures and had been approved by the Managing Director. The Balance Sheet highlighted that there was one major project in progress. There was a significant deficit but this was being mitigated by ongoing support.

Councillor Alan Sharp noted that the figures in section 9 did not match section 10 and questioned whether the £715K figure related to a cash flow contribution. Also, were the Company's pensions liability included within the accounts? In response, the Committee was informed that the figure mentioned referred to the Barton Road site and would be paid back. The Company did have a pension scheme for its directly employed staff.

Councillor David Chaplin asked whether there was any security granted to the Council with regard to the aforementioned figure. It was revealed that there was not. He noted that the Council would only know via a Committee meeting if an impairment review was required if the costs fell below the relevant level. Councillor Chaplin continued and queried whether James Palmer was still a director of the Company or had resigned. It was confirmed that James Palmer had been a director for 2016/17, the time covered by the accounts, but had since resigned with the place taken by Anna Bailey. This information had been filed at Company House.

Councillor Mike Bradley reminded the Committee that the Council had committed to lending a total of £5 million to the Company and questioned whether the £715K was part of that or extra. It had to be ensured that the agreed maximum was not exceeded. The Committee was told that, although that sum was extra, it would be re-paid by March 2018 and would be within the £5 million sum.

It was resolved:

That the East Cambs Trading Company accounts for 2016/17 as set out in Appendix 1 be noted.

9. **EAST CAMBS TRADING COMPANY ANNUAL REPORT 2016/17**

The Committee considered the East Cambs Trading Company Annual Report, previously circulated.

The Director advised the Committee that the Annual Report set out the Company's activities from last year.

Mr Cullen left the meeting at this point.

The Director continued, stating that the governance of the Company had not changed and was in line with the overarching Shareholder Agreement. The Company had been in operation since 1st April 2016. It had insurance cover, a pension scheme, policies and procedures and was registered with the Information Commissioner.

A Risk Management Plan was included and was taken very seriously. This enabled the Company to monitor and manage potential risks. The Company was currently teckal compliant but it was expected that this would be lost in the coming year. When this occurred it would be considered by the Board and then by full Council. This situation was being managed.

Commercial Activities

The Company had agreed a ten-year lease of the Market Place in Ely. The Ely Markets had launched its own website and twitter account. Income had increased and the relationships with the traders strengthened. WiFi within the centre of Ely was also being improved. The existing management contract had enabled the Company to make a profit with this activity.

The grounds maintenance programme was doing very well and had secured extra contracts for two more schools. Its business plan had featured a ten-year service and would take on Sustainable Drainage Systems work.

Property Services

Further developments had taken place including the establishment of new community land trusts, who were given continuous support. The service was also dipping into areas outside the district and securing contracts with other local authorities. The service's business plan had been approved, which looked to expand its activities. The intention was to build on what had already been done and develop new revenue streams.

Palace Green Homes had new staff and new developments to manage. These include the sites at Barton Road, Ely and The Shade, Soham. A good part of the year had been working with the community to develop a community land trust in Haddenham and permission for the site would be sought this week. In Kennett, the site for c500 new homes would be taken through a planning masterplan process, with a feasibility study and design work to bring the project forward. Assistance had also been provided to the Council regarding the new car parks at the Dock in Ely and the Littleport Railway Station.

Councillor Richard Hobbs questioned the budget headings, as they were not detailed, and queried the figures for staff costs enquiring whether these would

be charged back. The Director confirmed that those figures related to staff who worked for the Company and would be adjusted at the year end.

Councillor Lorna Dupré requested that in the Risk Management Plan information about the pre-mitigation and post-mitigation situations be included. She questioned how often the Management Plan was refreshed, particularly with regard to the potential local government re-organisation. A report on that would be going to the County Council and could have implications for the Trading Company and its relationships with the Council. Would this be included as a risk? Would the transfer of the waste service help with the Teckal compliance? If this would not affect it, what would be the practical implications? It was noted that there were a number of options suggested for a re-organisation of the Company structure. Would the suggested WiFi provision in Ely be open to the public or traders or as part of Connecting Cambridgeshire and would it be unsecured? Would the Market Study include looking to improve public transport?

The Director advised that the potential local government re-organisation would be included as a risk. Teckal compliance was required before the waste service was transferred over, though that would improve compliance. To keep Teckal compliance, which also include turnover, a re-structuring of the Company might be needed. One option could be to split the Company into two and consideration would have to be given to their governance and the legal ramifications. Any recommendations of a re-structure would go to the Board for consideration. The WiFi provision would be available to the public, not just traders, and discussions would be taking place with Connecting Cambridgeshire.

Councillor David Chaplin reminded the Committee that the Council would be very interested in any options going forward and would appreciate very advanced forewarning of this. It would also be helpful if information on the transfer of the waste service came back to the Council before 1st April. A report would be presented to the next meeting of this Committee setting out an appropriate timetable.

Councillor Mike Bradley was concerned that if the Company was not Teckal compliant that it would be subject to Corporation tax on any profits it might make. This also raised questions about how the original matter was put to full Council. The budget papers should include a forward forecast of future expenditure and income with any tax implications. The cash flow figures should show 18 months worth. Details should be built in so issues could be discussed.

Councillor David Chaplin would like to see comparative figures from the previous year as well as profit and cash flow numbers. At the next Committee meeting the six month financial review should include last year's figures, the six monthly actual and predicted figures as well as a future forecast. Overall totals would also be helpful in giving clarity.

The Committee was informed that Teckal compliance related to procurement processes and it had never been envisioned that Corporation Tax would not be paid.

Councillor Lorna Dupré left the meeting at this point, 4:58pm.

Councillor Mike Bradley thought it would have been helpful if the Environment Agency had informed the Council about the land adjacent to the riverside moorings.

Councillor Richard Hobbs reminded the Committee that local Councillors should be keeping an eye on things and should bring relevant issues up with the Chief Executive.

Councillor Lorna Dupré returned to the meeting at this point, 5:00pm.

The Director explained that, at the next Committee meeting, the future programme of the Company would be set out in the Annual Business Plan.

The Committee noted the Annual Report for 2016/17.

10. **FORWARD AGENDA PLAN**

Councillor Richard Hobbs suggested that Members of the Committee should get the relevant Board papers when they were ready, before the agenda papers if necessary.

The Democratic Services Officer acknowledged the reason behind the request but advised the Committee that he would seek advice on that suggestion to ensure there were no procedural, constitutional or legal issues.

The Committee noted its forward agenda plan.

11. **EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS**

It was resolved:

That the press and public be excluded during the consideration of items 10 to 12 because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Categories 1, 2 and 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

12. **PROGRESS REPORT – IN SOURCING OF THE WASTE AND STREET CLEANSING SERVICES**

The Committee considered a copy of an Exempt report presented to an East Trading Company Board meeting, reference S120, previously circulated, that provided a progress update on the in-sourcing of the waste and recycling services to the Trading Company and to highlight the outstanding planned work to be completed to ensure a smooth transfer of the services.

The Legal Services Manager advised the Committee on the progress in procuring new refuse vehicles, their servicing, staffing matters, new targets and risk management.

In response to questions from the Members the Committee would be provided with answers later, as the report author was not available and so could not give answers immediately.

The Committee noted the report.

13. **EAST CAMBRIDGESHIRE TRADING COMPANY BOARD MINUTES 15TH JUNE 2017**

The Committee considered an Exempt set of minutes, previously circulated, of the East Cambridgeshire Trading Company Board meeting held on 15th June 2017.

The Committee noted the exempt minutes.

14. **EAST CAMBRIDGESHIRE TRADING COMPANY BOARD MINUTES 7TH SEPTEMBER 2017**

The Committee considered an Exempt set of minutes, previously circulated, of the East Cambridgeshire Trading Company Board meeting held on 7th September 2017.

Members of the Committee asked, and received response to, a number of questions relating to the Local Plan, staffing matters, cash flow forecasts and planned developments.

The Committee noted the exempt minutes.

The meeting concluded at 5.34pm.