

Nottingham City Council

Companies Governance Executive Sub-Committee

Minutes of the meeting held remotely and live-streamed on YouTube on 20 October 2020 from 3.05 pm - 4.45 pm

Membership

Present

Councillor Sally Longford (Vice Chair)
Councillor David Mellen (Chair)
Councillor Sam Webster
Councillor Linda Woodings

Absent

Councillor Adele Williams

Councillor Rebecca Langton

(substitute for Councillor Williams)

Colleagues, partners and others in attendance:

Nottingham Revenue and Benefits Limited

Lisa Black - Director of Operations
David Marshall - Principal Accountant
Chris Pembleton - Business Manager

Nottingham City Council

Bipon Bhakri - Head of Finance (Commercial and Projects)
Chris Henning - Corporate Director of Development and Growth
Mark Leavesley - Governance Officer
Laura Pattman - Strategic Director of Finance
Malcolm Townroe - Director of Legal and Governance

49 Apologies for absence

Councillor Williams - leave

50 Declarations of interests

Councillor Webster declared an Other Interest in items 6 and 9, 'Company discussion – NRB' (minutes 54 and 57) as a Director of Nottingham Revenue and Benefits Limited.

The following Other Interests were declared in items 5 and 10, 'External Audit Reports' (minutes 53 and 58):

- Councillor Langton – a Director of Futures and of Nottingham City Homes;
- Councillor Mellen – a Director of Blueprint;
- Councillor Webster – a Director of Nottingham Revenue and Benefits Limited;
- Councillor Woodings – a council-appointed Shareholder representative of Nottingham City Homes.

In the interest of transparency, Councillor Longford stated that she is a Director of Enviroenergy Limited.

51 Minutes

The minutes of the meeting held on 22 September 2020 were agreed as a correct record and were signed by the Chair.

52 Role of Shareholder representatives - Governance Principles and Good Practice

This item does not contain any decisions that are eligible for call-in.

Chris Henning, Corporate Director of Development and Growth, gave a presentation and presented the report, giving the Committee an overview of good practice for company shareholdings and the role of shareholder representatives, for its companies established as Local Authority Trading Companies (LATCs).

In response to a question as to a finite definition of a shareholder role, Malcolm Townroe, Director of Legal and Governance, stated that this is currently being worked on, although each definition / role will need to be tailored to the specific company concerned, depending upon the remit of that company and the requirements of the role.

Councillor Woodings described her role as a council-appointed shareholder representative of Nottingham City Homes (NCH), including:

- the difference from other owned companies as NCH is an arms-length management organisation (ALMO) for the council's housing stock, rather than a 'business';
- that NCH has numerous Boards (each responsible for a different area, such as risk, audit etc), all reporting to the main Board:
- that the Council creates NCH policies, which NCH then enact on its behalf.

She also relayed her thanks for their work, especially during the current pandemic, to the numerous Board members at NCH.

The Committee noted the report and presentation.

53 Council owned companies - external audit reports

This item does not contain any decisions that are eligible for call-in.

Bipon Bhakri, Head of Finance (Commercial and Projects), presented the report, which summarised the companies' auditors reports in respect of the nine council-owned companies.

The Committee stated that it was pleased to see that there were six different auditing organisations completing the work across the owned companies, ensuring a robust outcome.

The Committee noted the report.

54 Council owned company discussion - Nottingham Revenue and Benefits Limited (NRB)

This item does not contain any decisions that are eligible for call-in.

Lisa Black, Director of Operations, NRB, gave a presentation, the main points of which were:

- a) NRB was formed on 1 November 2014;
- b) generate savings, and growth for the city;
- c) a TUPE transfer of staff took place to retain expertise;
- d) the company had to learn to operate in a commercial setting, and develop financial stability from a zero balance;
- e) the Board is made up of 3 city councillors, 2 external Directors and a senior council officer, with the Chair being external of NRB and the council, and meets on a quarterly basis;
- f) the Board sets the budget, monitors financial and contractual performance and reviews commercial activity and risk (contractual, financial and operational);
- g) NRB has contractual meetings with Northgate Public Services (NPS) and provides them with a monthly service report. It also has regular operational meetings, and a quarterly partnership meeting, with NPS and the council;
- h) NRB has a 3-year Business Plan, which is endorsed by the Board and aligned to the Council Plan where appropriate;
- i) priority objectives include achieving 12 key performance measures in the contract between NPS and the council, achieving a sustainable financial position, identifying, pursuing and achieving commercial growth and protecting existing, and creating new, jobs;
- j) a review of the Plan has commenced as NRB is entering the final year of the contract with NPS;
- k) in light of the current pandemic, the company invoked its Business Continuity Plan on 23 March 2020, with 177 staff working from home and only 17 working from Loxley House (as of 22 June), causing financial implications around purchasing hardware, and having an impact on productivity. However, all services that NRB provides were maintained;
- l) from a finance perspective, NRB has a positive cash flow, net assets of £1.46m and a forecasted 2020/21 profit, although there is a potential financial risk from the impact of LGPS liabilities. A contribution to the council has been made each year since 2015/16;
- m) the company risk register is reviewed monthly locally, and annually by the Board;
- n) looking forward to commercial growth, the council's 'Letter of Comfort' needs to be for a period that matches the potential length of contract, rather than the current standard 12 months, and the company needs (with support from the council) to develop its website and create marketing material and a package of products to attract clients;
- o) as the contract with NPS ends on 31 October 2021, the company are currently developing its pricing and service offer, alongside possible support it could offer in other areas of council business, as the preferred option going forwards would be a direct award from the council.

In response to a question about the financial strain from a potential rise in unemployment due to the pandemic, Lisa stated that this would be mitigated by universal credit and potential additional resources from Northgate.

In response to a question about the main hurdles to acquiring larger commercial contracts, Lisa stated that the need to pass a credit check and show financial viability is difficult due to the councils' Letter of Comfort only being for 12 months, when most larger contracts require 5-years.

In response to a question about the reduction in face-to-face contact due to the pandemic, Lisa stated that NRB were already looking at future ways of working, with a possible reduction in its office-based footprint and moving more towards a 'digital offer'.

55 Work plan

This item does not contain any decisions that are eligible for call-in.

The Committee noted the work plan without discussion.

56 Exclusion of the public

The Committee agreed to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act, as the sensitive nature of the business affairs under consideration could, if made public, prejudice the ability of the companies concerned to operate effectively in a competitive market.

57 Council owned company discussion - Nottingham Revenue and Benefits Limited (NRB)

This item does not contain any decisions that are eligible for call-in.

Lisa Black, Director of Operations, NRB, and David Marshall, Principal Accountant, NRB, gave a presentation on the company's current financial position, business objectives and future ways of working.

The Committee noted the information and thanked the NRB representatives for their attendance and presentation.

58 Council owned companies - external audit reports

This item does not contain any decisions that are eligible for call-in.

Bipon Bhakri, Head of Finance (Commercial and Projects), presented the report, including the Auditor Reports for council-owned companies as follows:

- National Ice Centre
- Nottingham City Transport;

- Futures;
- Blueprint;
- Nottingham Revenue and Benefits Limited;
- Nottingham City Homes.

The Committee noted the report.

59 Council owned companies - financial performance update

This item does not contain any decisions that are eligible for call-in.

Bipon Bhakri, Head of Finance (Commercial and Projects), presented the report, detailing the current financial performance of council-owned companies.

It was stated that a decision is awaited on whether / when Nottingham will be moved to 'Tier 3', and what financial assistance is being offered by central government, as this may have an adverse impact on the financial performance of the companies going forward.

The Committee noted the report.

60 Exempt minutes

The exempt minutes of the meeting held on 22 September 2020 were agreed as a correct record and were signed by the Chair.