

Nottingham City Council Companies Governance Executive Sub-Committee

Minutes of the meeting held remotely via Zoom and live-streamed on YouTube on Tuesday 18 August 2020 from 2:31pm to 4:38pm

Membership

Present

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

Absent

None

Colleagues, partners and others in attendance:

Bipon Bhakri	- Head of Finance – Commercial and Projects
Alistair Bow	- Managing Director, Thomas Bow City Asphalt
Dave Halstead	- Director of Neighbourhood Services
Katherine Kerswell	- Interim Chief Executive
Adrian Mann	- Governance Officer
Laura Pattman	- Strategic Director of Finance
Shail Shah	- Head of Audit and Risk
Malcolm Townroe	- Director of Legal and Governance
Hugh White	- Corporate Director for COVID Response and Recovery
Zuned Yusuf	- Head of Finance, Thomas Bow City Asphalt

Call-in

Unless stated otherwise, all decisions made by the Companies Governance Executive Sub-Committee are subject to call-in. The last date for call-in is **Friday 28 August 2020**. Decisions cannot be implemented until the next working day following this date.

27 Apologies for Absence

None.

28 Declarations of Interests

Councillor Adele Williams declared an Other Interest in items 33 and 35 because she is Chair of Thomas Bow City Asphalt's Board of Directors.

In the interests of transparency, Councillor Linda Woodings stated that she is Nottingham City Council's shareholder representative for Nottingham City Homes.

29 Minutes

The Committee confirmed the minutes of the meeting held on 21 July 2020 as a correct record and they were signed by the Chair.

30 Public Interest Report

The Chair of the Committee agreed that this item, although not on the agenda, should be considered as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972 because the findings of the report are of fundamental importance to the work of Committee, and the Committee will be involved closely in the work to meet the recommendations of the report.

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

Katherine Kerswell, Interim Chief Executive, gave a presentation on the recently published Report in the Public Interest regarding Nottingham City Council's governance of Robin Hood Energy (RHE), and the actions carried out to date to meet the Council's legal duties relating to the report. The following points were discussed:

- (a) the report from the external auditor was published on Tuesday 11 August – the day after the publication of the Committee's current agenda. Following publication, a written statement was made by the Leader of the Council to acknowledge the past failings set out in the report, but also the recent changes made to improve the governance systems in place for Council-owned companies and the positive commitment to continue to take this work forward. A full local and national communications plan has been put in place, and the report will be debated at a full meeting of the Council on 27 August;
- (b) the report confirms that setting up RHE was a legitimate policy response to seek to address fuel poverty, though it represented a hugely ambitious and complex undertaking. The report states that the governance arrangements that the Council had in place relating to RHE were not strong enough. There was an insufficient appreciation within the Council of the huge risks involved in ownership of and investment in RHE, and there was insufficient understanding of RHE's financial position. There was insufficient sector or general commercial expertise at the non-executive Board level, and the governance arrangements did not establish an appropriate and consistent balance between holding to account and allowing RHE freedom to manage itself as a business;
- (c) the Council fully accepts the findings of the report and will respond by way of a detailed Action Plan to address the recommendations, along with a number of additional actions to further support those recommendations. Following its adoption at the full meeting of the Council, accountability for delivery of the plan will rest jointly with the Leader of the Council and the Chief Executive designate. It is proposed that quarterly reports will be made to the Executive Board, with the full involvement of the Overview and Scrutiny Committee and the Audit Committee in overseeing the implementation of the Action Plan. Regular reports will be provided to the External Auditor and the Ministry of Housing, Communities and Local Government (MHCLG) on progress;
- (d) how the Council must respond to the report is established by the Local Audit and Accountability Act 2014. Currently, all of the legal requirements have been met correctly. A notification of the report, along with the report itself, have been published on the Council's website, and copies have been received by RHE, the

Secretary of State for MHCLG and all City Councillors. Paper copies of the report will be printed and posted to citizens on request and free of charge, if required;

- (e) more than the required 8-days' notice has been given for the full Council meeting to consider the report, on Thursday 27 August. The agenda for this fully public meeting will be published on Wednesday 19 August, to include the report and the proposed Action Plan. After the Council meeting, a summary of its decisions will be published (following approval by the external auditor), the Secretary of State for MHCLG will be notified, and a full communications plan will be put in place. Briefings with stakeholders are underway and further actions will be taken to the October meeting of Executive Board as per the proposed recommendations to the full Council;
- (f) a draft timetable for the Action Plan has been shared with the external auditor, though it will fall to the Council to decide what recommendations should be addressed in what order, and over what period of time. The Council must move to put things right with reasonable speed, but its actions must be informed by a proper understanding of the detail, in line with accepted best practice. As such, it is likely that a progress and outcomes report will be brought to the Council one year after the Action Plan's adoption;
- (g) the Council is working hard to engage effectively with the recommendations set out in the report and learn the lessons from RHE, going forward. Discussions have taken place with the Chairs of the Audit and Overview and Scrutiny Committees. The Companies Governance Executive Sub-Committee must engage with managing the oversight of this process, learn from the mistakes of RHE and seek to embed best practice for other Council-owned companies, to ensure that these companies are the best they can be for the people of Nottingham.

The Committee noted the update on the Public Interest Report.

31 Work Plan

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

Shail Shah, Head of Audit and Risk, presented the Committee's current work plan. The following points were discussed:

- (a) the Work Plan has been produced so that the Committee can meet the requirements of its Terms of Reference effectively. Once the Action Plan in response to the Public Interest Report has been agreed formally, appropriate items will be scheduled into the Committee's Work Plan;
- (b) the Committee felt that a presentation from each company in which the Council has the controlling interest should be made to a separate meeting of the Committee, with a review of the outcomes to be carried out at a later meeting. Once these initial presentations and review meetings have been concluded for the Council-owned companies, the Committee's approach should be considered towards companies in which the Council is a stakeholder, but does not hold the controlling interest.

The Committee noted the Work Plan.

32 Future Meeting Dates

- **Tuesday 22 September 2020**
- **Tuesday 20 October 2020**
- **Tuesday 17 November 2020**
- **Tuesday 15 December 2020**
- **Tuesday 19 January 2021**
- **Tuesday 16 February 2021**
- **Tuesday 16 March 2021**
- **Tuesday 20 April 2021**

Meetings to start either at 3:00pm, or at the rising of the Executive Board, whichever is the later.

33 Council-Owned Company Discussion - Thomas Bow City Asphalt

Councillor Adele Williams declared an Other Interest in this item because she is Chair of Tomas Bow's Board of Directors.

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

Councillor Adele Williams, Chair of Thomas Bow's Board of Directors; Alistair Bow, Managing Director of Thomas Bow; and Zuned Yusuf, Head of Finance of Thomas Bow, gave a presentation on the company's current financial overview and business objectives. The following points were discussed:

- (a) since its establishment in 1867, Thomas Bow has developed into one of Nottingham's major building civil engineering contractors. It has completed many landmark buildings and superior residential properties in and around the city, including Wilford Power Station, the Raleigh Factory and Barclays Bank in Market Square. From 2002, the company's focus has been very much aimed at the provision of civil engineering services to the Public and Commercial sectors;
- (b) in 2005, Thomas Bow joined with City Asphalt Limited to work closely together as sister companies to provide a more comprehensive in-house civil engineering and surfacing service. The two companies have continued to develop many long-term partnerships with Local Authorities across the UK, which includes the securing of numerous long-term framework contracts for the provision of highways maintenance and repairs, and the two companies have become a major contractor for highways maintenance;
- (c) Thomas Bow is involved in contracts relating to the public realm, driveways, airports, car parks, race circuits, roads infrastructure, sports surfaces, highways maintenance and drainage. However, the impacts of Coronavirus are likely to see a reduction in some large and long-term projects, so careful planning of the company's future work is required;

- (d) Councillor Adele Williams is the non-executive Chair of the Board of Directors. Currently, the Board is seeking permission from the Council to appoint four further non-executive directors, to help to provide a wider breadth of strategic skills in an industry context for the effective management of the company.

34 Exclusion of the Public

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda item 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 outweighed 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 Council-owned companies to operate effectively in a competitive market.

35 Council-Owned Company Discussion - Thomas Bow City Asphalt

Councillor Adele Williams declared an Other Interest in this item because she is Chair of Thomas Bow's Board of Directors.

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

Councillor Adele Williams, Chair of Thomas Bow's Board of Directors; Alistair Bow, Managing Director of Thomas Bow; and Zuned Yusuf, Head of Finance of Thomas Bow, gave a presentation on the company's current financial overview and business objectives.

The Committee noted the presentation and thanked the Thomas Bow representatives for their attendance and for the clarity provided on the current work of the company, its financial position and its future strategy.

36 Council-Owned Companies - Financial Performance Review

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

Bipon Bhakri, Head of Finance (Commercial and Projects), presented a report on the financial performance of the Council-owned companies as at 30 June 2020.

The Committee noted the report.

37 Exempt Minutes

The Committee confirmed the exempt minutes of the meeting held on 21 June 2020 as a correct record and they were signed by the Chair.