

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **ASDV Shareholder Committee**
held on Thursday, 28th November, 2019 at Committee Suite 1, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor S Carter (Chairman)
Councillor M Goldsmith (Vice-Chairman)

Councillors S Pochin and L Smetham

Officers

Frank Jordan, Executive Director Place
Asif Ibrahim, Head of Legal Services
Paul Goodwin, Finance Manager
Vicki Godfrey, Business Delivery Manager
Paul Mountford, Executive Democratic Services Officer

Apologies

Councillor S Handley

24 DECLARATIONS OF INTEREST

Councillor S Pochin declared a non-pecuniary interest as a former Director of Engine of the North and the Skills and Growth Company.

Councillor L Smetham declared a non-pecuniary interest as a former Director of Orbitas.

25 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting of 14th November 2019 be approved as a correct record.

26 GROUP OF COMPANIES' TRADING RESERVE

The Committee gave further consideration to a draft report to the Portfolio Holder proposing the closure of the Trading Reserve and the transfer of monies to the Council's General Fund Balance. At its previous meeting, the Committee had deferred consideration of the matter and asked that the views of the ASDV chairmen and managing directors to be sought.

The Committee considered a briefing paper of the Managing Director of Ansa, Orbitas and TSS setting out the collective response from those companies. On the basis of the details contained in the briefing paper, the companies did not support the proposed closure of the Trading Reserve.

RESOLVED

That

1. having considered the response of Ansa, Orbitas and TSS to the proposed closure of the Trading Reserve, the Committee recommends that the recommendations in the report to the Portfolio Holder be amended as follows:
 - (1) In determining the purpose and future of the Trading Reserve, the consultation feedback from the Companies be considered, particularly with regard to the Companies setting risk-assessed minimum levels of retained reserves, and also understanding the growth plans of Companies.
 - (2) The Trading Reserve be reviewed in consultation with the ASDVs and the Shareholder Committee before any monies are transferred to the Council's General Fund Balance.
 - (3) To facilitate any reduction of the Trading Reserve, the contractual agreements between the Council and each of its wholly-owned Companies be amended, as described in the report, and by consultation and agreement with the Companies as required by the Variation Procedure.
 - (4) Companies be encouraged to utilise their own retained reserves in respect of funding initiatives that are aimed at developing their business.
 - (5) In the event that development finance is required from the Council, companies may make a bid, via the Shareholder Committee, for support on an "invest to save" or "invest to grow" basis, for inclusion in the Medium Term Financial Strategy, as part of the Council's business planning and in-year review processes.
 - (6) The existing approach to year-end profit/loss sharing also be considered as part of the ASDV Review and a further report be prepared in the event that any changes are proposed.
2. the Committee seeks assurances from the Portfolio Holder that there is an opportunity for future investment in ASDVs, and that there is no philosophical position on the part of the Council to remove ASDVs as an operating model.

27 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

28 ASDV BUSINESS PLAN REVIEWS - ORBITAS BEREAVEMENT SERVICES LTD

The Committee considered two high level business cases submitted by Orbitas.

The following attended the meeting to present the business cases and answer members' questions:

Kevin Melling – Managing Director
Mark Darbyshire – Chief Operating Officer

At the conclusion of the presentation, the Chairman thanked the Orbitas representatives who then left the meeting. The Committee then considered the matter further.

The Committee noted a lack of financial information in relation to both business cases.

RESOLVED

That both business cases be supported in principle, subject to further detailed financial information and an assurance as to the accuracy of the figures quoted, and updated business cases be submitted to the Committee at its next meeting in January 2020.

(Note: Orbitas had since confirmed that the full cost of a proposed IT upgrade was as set out in that business case.)

29 ASDV BUSINESS PLAN REVIEWS - CONCLUSIONS

The Committee considered a report which provided an overview of the recent review of the 2020 business plans for Orbitas, TSS and ANSA with a view to the Committee providing strategic advice to the Portfolio Holder on whether or not to approve the business plans.

The Committee had received information on the risk analysis and future growth strategy of ANSA as requested at the previous meeting.

RESOLVED

That the Committee recommends to the Portfolio Holder

1. That the Orbitas business plan be approved, but that the Portfolio Holder be asked to note the following:
 - (a) the Portfolio Holder is encouraged to ensure that future contractual arrangements are in place;
 - (b) the corporate structure of the company should be reviewed;
 - (c) details of future running costs should be sought; and
 - (d) the company should share its business plan with service commissioners.
2. That the TSS business plan be approved, but that the Portfolio Holder be asked to note the following:
 - (a) the Committee would like to see an expansion of FlexiLink and Special Educational Needs services; and
 - (b) consideration should be given to a rolling contract for the future.
3. That the ANSA business plan be approved.

30 ASDV GOVERNANCE

The Committee considered the governance arrangements relating to the appointment of Directors to the Boards of ASDVs.

The Committee noted the advice of officers that under the Articles of Association and Shareholder Agreements, ASDVs were able to appoint their own Directors in addition to those appointed by the Council.

RESOLVED

That the Portfolio Holder be recommended to review the arrangements for the appointment of Directors to ASDV Boards and whether these should include the appointment of Directors who are not Borough Councillors.

31 NEW GOVERNANCE ARRANGEMENTS

The officers referred to the proposal for Cheshire East Council to move to a committee system form of governance and asked the Committee to consider how the shareholder function should be accommodated in any new arrangements.

RESOLVED

That the Committee recommends that under any new committee system, there continue to be a separate shareholder committee which would report and make recommendations to the relevant service committee.

The meeting commenced at 1.00 pm and concluded at 3.52 pm

Councillor S Carter (Chairman)