

MINUTES OF THE MEETING OF THE SHAREHOLDER BOARD HELD ON TUESDAY, 29TH JANUARY, 2019

MEMBERS: Councillors Nesil Caliskan (Leader of the Council), Daniel Anderson (Deputy Leader of the Council), Alev Cazimoglu (Cabinet Member for Health & Social Care), Dino Lemonides (Cabinet Member for Housing), Mary Maguire (Cabinet Member for Finance & Procurement) and Ahmet Oykener (Cabinet Member for Property and Assets)

Officers:

Ian Davis (Chief Executive), Jeremy Chambers (Director of Law and Governance), Nicky Fiedler (Director - Commercial), Matt Bowmer (Interim Director of Finance), Clare Paine (Lawyer), Will Wraxall (Principal Internal Auditor), Jacqui Hurst (Secretary)

Company Representatives:

Councillor Hass Yusuf and Marc Gadsby (Independence and Well Being Enfield Ltd.), Kayt Wilson (Housing Gateway Ltd. and Enfield Innovations Ltd.), Jayne Clare and Ian Guest (Energetik), Joanne Drew (Housing Gateway Ltd.), Mark Bradbury (Enfield Innovations Ltd.)

Also Attending:

Councillor Lee David-Sanders

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. COMPANIES AUDITED ACCOUNTS

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.140) presenting the Companies audited accounts.

NOTED

1. Paragraph 3.3 of the report which drew Members' attention to the current position regarding Housing Gateway Ltd. (HGL).

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2. That paragraph 3.4 of the report highlighted issues concerning Enfield Innovations Ltd. (EIL).
3. That paragraphs 3.5 and 3.6 of the report addressed the position of Independence and Well Being Enfield Ltd. (IWE).
4. A discussion followed regarding IWE and the issues highlighted within the report. Members were advised of the reasons; and noted the actions and developments in service provision that had taken place and, the resulting additional costs that had been incurred. Members noted the clarification of the issues provided in discussion and, the context within which the accounts had been presented. Officers also outlined the current position with regard to the Council's pension liabilities in respect of IWE and an explanation provided on the accounting details going forward.
5. Members questioned the potential Brexit risk regarding HGL and in response Officers clarified the capital funding arrangement that was in place. In discussion, Members noted the potential for different options and opportunities in the future for HGL. The Shareholder Board would need to review the strategic directions for the Company in due course and their alignment with the Council's policy decisions.

Alternative Options Considered: None. The Shareholder Board had requested the Audited Accounts.

DECISION: The Shareholder Board agreed to

1. Note the Audited Accounts of: Housing Gateway Ltd. (HGL), Enfield Innovations Ltd. (EIL), and Independence and Wellbeing Enfield (IWE).
2. Set a regular annual schedule for Shareholder Board review of accounts. It was recommended and agreed that the Board schedule this for the October meeting, annually.
3. Request reports on any future plans to expand the services provided by Independence and Wellbeing Enfield (IWE).

Reason: All companies must show their accounts to their Shareholders (section 5 of the report referred).

4. REVIEW OF ALIGNMENT BETWEEN THE COUNCIL'S COMPANIES AND ENFIELD'S NEW CORPORATE PLAN

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.141) providing an update on the review work carried out so far.

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NOTED

1. That the report outlined the work which had been undertaken so far in reviewing the alignment between the Council's companies and Enfield's new Corporate Plan, as previously requested by the Board.
2. The analysis of where the companies were in terms of alignment and that the report made some preliminary recommendations on steps to take where further work was needed to complete the alignment process.
3. That overall the findings had been positive. However, improvements could be made in terms of creating more visible connections as detailed in section 3 of the report.
4. That the review had also looked at some key new and emerging strategies and further work was required to make the alignments more visible and robust. It was recommended that a further report be presented to the Board later in 2019 updating Members on the progress being made. This area of work would continue to be monitored with regular reviews taking place. Members noted that the Companies were vehicles through which services were provided on behalf of the Council.

Alternative Options Considered: None. The Shareholder Board had requested the review be carried out on its behalf.

DECISION: The Shareholder Board agreed to

1. Note the contents of the report.
2. Take forward recommendations as set out in paragraphs 3.7 – 3.12 of the report to allow for greater linkages between corporate plan ambitions and companies managed through the Shareholder Board.
3. That a further report be brought back once work had completed in 2019.

Reason: To deliver the intended outcome sought by instigating the review. The recommendations provided an action plan to ensure alignment and transparent connectivity.

5. QUARTER 2 SHAREHOLDER REPORTS

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.142) presenting the part one Quarter 2 Shareholder reports.

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NOTED

1. That agenda part two also referred as detailed in the minutes below.
2. The issues highlighted within section 3 of the report regarding HGL and EIL.
3. In response to questions raised on the Energetik report, an update was provided on the current exploration of funding opportunities for the company in the short and long-term. This was a significant investment in the Borough and must represent value for money.
4. That paragraph 3.6 of the report referred to the work to be undertaken with EIL and, that a report would be presented to a future meeting of the Shareholder Board for consideration. This would be considered and programmed into the Board's work plan and future cycle of meetings.
5. The progress being made on the appointment of a Managing Director for HGL.

Alternative Options Considered: None. The Shareholder Board had requested quarterly updates.

DECISION: The Shareholder Board agreed to note the part one Quarter 2 Shareholder reports for Energetik, Housing Gateway Ltd (HGL), and Enfield Innovations Ltd.(EIL).

Reason: The Shareholder Board was asked to note the Quarter 2 Shareholder Update. Housing Gateway Ltd. was currently operating without a Managing Director. This reduced resilience and efficiency for key decisions including financial authorisations which required the Managing Director's authorisation under schemes of delegation.

6. SHAREHOLDER BOARD WORK PLAN

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.150) updating the Shareholder Board work plan.

NOTED

1. The updates to the work plan as set out in the report and outlined at the meeting. Members discussed the current frequency of meetings of the Shareholder Board. It was agreed that this would be subject to further consideration in the light of matters requiring consideration or decision by the Board. Going forward, it would be important to ensure that Companies were not delayed in progressing pending a meeting of the Board taking place. Officers provided assurance of the work being undertaken and the active consideration of meeting requirements in the future.

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Alternative Options Considered: None. The Shareholder Board had been created by Cabinet and needed a work plan that was regularly updated.

DECISION: The Shareholder Board agreed the updated work plan as amended in paragraph 3.3 of the report and as set out in other reports on the agenda and reflected in the minutes.

Reason: The amendments in paragraph 3.3 of the report reflected the updates required.

7. **ENERGETIK - DISSOLVING HOLDCO AND IMPLEMENTING GOVERNANCE CHANGES**

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.143) setting out how the Lee Valley Heat Network Operating Company Limited (trading as “Energetik”) would implement the governance changes needed to reflect the requirements of the Council as shareholder.

NOTED

1. That as the Shareholder Board was now in place to exercise strategic oversight over the Council’s companies, the role of Energetik’s holding company, Lee Valley Heat Network Limited (“HoldCo”) was obsolete.
2. The main changes to be implemented as detailed in the report.

Alternative Options Considered: Do nothing. Energetik continued to operate with HoldCo in the company structure and outdated governance documents in place. This option would not remove the potential conflict of interest posed by officers/members remaining on the board of HoldCo and would not improve governance and strategic alignment with the Council’s objectives.

DECISION: The Shareholder Board agreed to

1. Approve the updated Articles for Energetik and all steps needed to implement.
2. Approve the new board structure for Energetik and all steps needed to implement.
3. Approve the dissolution of HoldCo and all steps needed to implement (including seeking relevant consent from Amber LEEF 2 LLP).
4. Delegate authority to the Director – Commercial (Resources) acting in consultation with the Director of Law and Governance, to take all action

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on behalf of the Council as shareholder to implement the above, including signing company filings.

5. Note the intention to adopt a list of shareholder reserved matters for each company.
6. Note that until such a list was in place for Energetik, agreed that the Delegations Matrix currently in force continued to operate after HoldCo had been dissolved, with Energetik able to take any decision currently within the remit of HoldCo and with references to "Business Plan" changed to "Operating Plan" where appropriate.

Reason: These governance changes were required to align the company with the Council's strategic objectives.

8. BUSINESS PLANS OF THE COMPANIES

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.144) introducing the part one Business Plan update reports.

NOTED

1. That further work was required on the business plans. A broad approach needed to be established whilst recognising that the Companies were at different stages of development. The business plans should address both short-term and long-term strategies and priorities.
2. In the light of the additional work required, no further discussion on the plans took place at this time.

Alternative Options Considered: None. The Shareholder Board had requested to approve the Business Plans annually.

DECISION: The Shareholder Board agreed to

1. Note the part one Company Business Plan Update Reports listed as Appendices of the report for Energetik, Housing Gateway Ltd, Enfield Innovations Ltd. and the further work required.
2. Approve the development of a broad business plan format for the companies, supported by individual key indicators to be approved at a future meeting of the Shareholder Board.
3. Agree a regular annual schedule for Shareholder review of updated business plans for the January meeting annually.

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Reason: NOTED, the detailed reasons for the recommendations as set out in section 5 of the report.

9. CHANGE IN ORDER OF THE AGENDA

The Shareholder Board resolved that Report No.149 – Approval of List of Shareholder Reserved Matters be moved to part one of the agenda as no exempt information was detailed in the report and it could therefore be considered in the public part of the meeting.

10. APPROVAL OF LIST OF SHAREHOLDER RESERVED MATTERS

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.149) seeking approval of the list of Shareholder Reserved Matters.

NOTED

1. That a list of shareholder reserved matters had been produced which balanced the need for the Council to retain strategic control with the importance of providing each company with the commercial freedom to maximise its chances of success.
2. That in the interests of ensuring a consistent governance framework as far as possible, the lists for all companies were broadly aligned.
3. The current reserved matters as set out in section 3 of the report.
4. That Appendix 1 to the report set out the proposed list of Shareholder Reserved Matters. Members questioned the inclusion of the reference to “payment of a political donation”. It was noted that this was a standard/common item for inclusion within reserved matters. The inclusion of the item meant that it would require the consent of the Council rather than the companies themselves. Members stated that this should never be an option for the Companies and requested that the articles of association for all the Companies be amended to state that it would not be acceptable for payment of a political donation to be received. This amendment was reflected in the decisions below and would be amended for the report to Cabinet.

Alternative Options Considered: Do nothing. The companies continued to operate with divergent and in some cases minimal shareholder reserved matters. This option would not improve governance and strategic alignment with the Council's objectives.

DECISION: The Shareholder Board reviewed the report and appendices and **RECOMMENDED TO CABINET** to approve the following:

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1. That each company adopts the list of shareholder reserved matters (Appendix 1 to the report), subject to the deletion of the reference to "Donation – payment of a political donation". An amendment would be required to the company Articles to reflect as detailed above.
2. That changes be made to the company Articles (as required) in order to give effect to the list of shareholder reserved matters.
3. That authority be delegated to the Council's Commercial Director, acting in consultation with the Director of Law and Governance and the Director of Finance, to finalise and implement the list of shareholder reserved matters.
4. That the Council works with each company to develop a Shareholder Agreement and timetable for changes needed to governance arrangements.
5. That authority be delegated to the Council's Commercial Director, acting in consultation with the Director of Law and Governance and the Director of Finance, to agree the terms of and implement the Shareholder Agreement with each of the companies.

Reason: These governance changes were required to improve the way the Council works with its companies as a Shareholder and to ensure that suitable and streamlined governance was in place across the companies.

11. MINUTES OF PREVIOUS MEETING

AGREED, that the minutes of the previous meeting of the Shareholder Board held on 3 October 2018 be confirmed and signed by the Chair as a correct record.

12. DATE OF NEXT MEETING

NOTED, that the next meeting of the Shareholder Board was scheduled to take place on Tuesday 2 April 2019 at 7.00pm.

Members would be consulted on any additional Board meetings required before this scheduled date and, consideration given to the required frequency of future meetings.

13. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the items listed on part two of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the

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financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

14. ENERGETIK - PART TWO REPORT

NOTED, the Quarter 2 Shareholder Board report and the Business Plan Update for Energetik listed as appendices to Report No.145. Further work was required on the Business Plan Update (as referred to in Minute No.8 above) and it was therefore not considered but would be brought back to a future meeting of the Board for approval.

15. HOUSING GATEWAY LTD. - PART TWO REPORT

NOTED, the Quarter 2 Shareholder Board report and the Business Plan Update for Housing Gateway Limited listed as appendices to Report No.146. Further work was required on the Business Plan Update (as referred to in Minute No.8 above) and it was therefore not considered but would be brought back to a future meeting of the Board for approval.

16. ENFIELD INNOVATIONS LTD. - PART TWO REPORT

NOTED, the Quarter 2 Shareholder Board report and the Business Plan Update for Enfield Innovations Ltd. listed as appendices to Report No.147. Further work was required on the Business Plan Update (as referred to in Minute No.8 above) and it was therefore not considered but would be brought back to a future meeting of the Board for approval.

17. INDEPENDENCE AND WELLBEING LTD. - PART TWO REPORT

NOTED, the Quarter 2 Shareholder Board report and the Business Plan Update for Independence and Well Being Enfield Ltd. listed as appendices to Report No.148. Further work was required on the Business Plan Update (as referred to in Minute No.8 above) and it was therefore not considered but would be brought back to a future meeting of the Board for approval.

A general discussion followed on the work to be completed on the Business Plans and the timescales required by the Shareholder Board. Members noted that policy decisions were needed, and future options considered for the Companies in moving forward. A prompt debate of the associated issues would be necessary.

The Shareholder Board's expectations of the Companies were highlighted and individual issues in relation to each of the Companies requiring further

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attention noted. The financial implications were discussed and the necessary actions noted.

Members noted that the Companies had each been set up for a specific purpose and limits were set to meet the Council's purposes. It was important to ensure that the Shareholder Board set clear directions to the Companies.

The Business Plans were important documents that should stand up to scrutiny and meet the Council's expectations and priorities.