

MINUTES OF SHAREHOLDER COMMITTEE MEETING - FRIDAY, 18 MARCH 2022

Present:

Councillor Taylor (in the Chair)

Councillors

Clapham (Co-optee) L Williams

In Attendance:

Lennox Beattie, Executive and Regulatory Manager
Alan Cavill, Director of Communications and Regeneration
Katie Rourke, Company Secretariat Manager- Items 1 to 8 only
Mark Towers, Group Company Secretary
Kirsten Whyatt, Finance Manager

Councillor Cain, Chair, Blackpool Operating Company Limited- Items 9 and 10
John Child, Managing Director, Blackpool Operating Limited (virtually)- Items 9 and 10
Lorraine Hurst, Company Secretary, Blackpool Operating Company Limited (virtually)

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 EXCLUSION OF THE PUBLIC

The Committee considered excluding the public and press from a number of items on the agenda that would likely lead to the disclosure of information that was exempt from publication on the grounds that they would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act. The Committee carefully considered the public interest and concluded that the public interest would be best served by excluding the public and press due to the potential impact on the Council's wholly owned companies and third parties

Resolved:

That the public and press be excluded from the meeting during consideration of the following agenda items Item 2 Minutes of the meeting held on 25 February 2022; Item 3 Shareholder Update; Item 4 Wholly Owned Company Financial Performance at Month 10 2021/22; Item 8 Blackpool Operating Company Services Limited Financial Position and Item 9 Blackpool Operating Company Limited Key Performance Indicators; on the grounds that they would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

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3 MINUTES OF THE LAST MEETING HELD ON 25 FEBRUARY 2022

The Committee considered the minutes of the last meeting held on the 25 February 2022, noting that there was a public and restricted version of the minutes.

The Committee agreed that the minutes of the meeting be signed by the Chair as a true and correct record.

4 SHAREHOLDER UPDATE

The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr Mark Towers, Group Company Secretary, Mr Alan Cavill, Director of Communications and Regeneration and Ms Kirsten Whyatt, Finance Manager were invited to provide an update on the Council Wholly-Owned Companies on behalf of the Shareholder.

The Committee noted the update provided.

5 WHOLLY-OWNED COMPANY FINANCIAL PERFORMANCE AS AT MONTH 10 2021/22

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Ms Kirsten Whyatt, Finance Manager, provided an overview of the financial performance of the Council's Wholly-Owned Companies as at Month 10 2021/2022. Ms Whyatt reminded members that this would be the final monthly monitoring report of 2021/22 and it was intended that the final outturn would be presented to the June meeting.

The Committee discussed the financial information in detail and noted the report.

6 ACTION TRACKER

The Board considered an action tracker of decisions. It noted progress updates on a range of decisions previously taken by the Committee.

The Shareholder Committee agreed that this document provided a useful and important way to monitor the implementation of previously agreed actions. The Committee agreed that the action tracker should continue to be presented to the Shareholder Committee.

7 COMPANY GOVERNANCE FRAMEWORK

The Shareholder Committee considered a report on a proposed governance framework for the Council's wholly-owned companies. Mr Mark Towers, Group Company Secretary and Mrs Lorraine Hurst, Deputy Company Secretary, presented the report to the Committee and in doing so they highlighted that the Council as Shareholder had since 2016 had a governance framework in place. In 2021, particularly as a result of the issuing of the revised Local Partnerships guidance for Councils running commercial and trading companies, it had been considered that the framework should be fully updated and revised based on this guidance and other best practice documents.

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Mr Towers explained that during the development of the framework, workshops had been held with Chairs of the Company Audit Committees and other representatives including company Managing Directors and Finance Directors. It was noted that the revised framework now covered a wider range of governance matters including those areas recommended within the Local Partnerships guidance and highlighted for inclusion in the recent external audit review including: Board director roles, obligations and training; management and reporting of risk and strategic plans; and shareholder matters including reserved matters and statutory officers. It was emphasised that the management of risk section had been completely updated to ensure that companies agreed a risk appetite and reported risks in a consistent manner.

The document would be supplemented by the future development of supporting governance documents such as a disputes resolution procedure and conflicts of interests policy.

The introduction of a revised framework would ensure consistency across companies but it was noted that the framework would include sector specific modifications to meet regulatory requirements where appropriate.

Mr Towers explained that following consultations two minor additions had been proposed one to ensure the Audit Committees were required to consider the monitoring of the ethical framework and that Employment Committees should have an oversight of the company's pension arrangements.

Shareholder Committee decision:

1. To approve the model governance framework, subject to the minor amendments outlined above, for all wholly-owned companies within the Council group.
2. For the Shareholder to request that company Boards adopt the framework at the next cycle of meetings, together with appropriate tailoring for the company and its sector.

Reason for the decision:

The Shareholder Committee noted its role to ensure that companies within its group have robust governance arrangements based on guidance available and best practice. The model framework had been developed on this basis and provides consistent governance arrangements across the group. The review of the framework was noted in the recent external audit on wholly owned subsidiary governance and formed part of the recommendations for the Council in its shareholder role.

Other options considered:

The Shareholder Committee noted an alternative would be to not have an updated governance framework but agreed that this would be would pose a potential governance risk to the Council and its companies.

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Date of decision:

18 March 2022.

8 LANCASHIRE MANAGEMENT OPERATIONS LIMITED

The Shareholder Committee considered a report on the recommendations of the Blackpool Housing Company Limited Board and the Lancashire Management Operations Limited Board regarding the transfer of the lease for the Tramshed student accommodation in Preston to Blackpool Housing Company Limited.

The report was presented to the Committee by Mr Mark Towers, Group Company Secretary. Mr Towers explained some of the history behind the acquisition of the Tramshed providing student accommodation in Preston as an out of borough investment under the Council's Growth and Prosperity Programme. Mr Towers then explained the current and long term forecast position of Lancashire Management Operations, explaining that this meant that there was assurance that the development would be operated in a sustainable way and could now be assimilated into one of the Council companies to be managed. The current set-up had become disproportionate for the governance required for the lease. Blackpool Housing Company Board had agreed to the transfer of the Tramshed to the Company at its meeting on 22 February 2022 and the Lancashire Management Operations Board had similarly agreed to the transfer on 8 February 2022.

Ms Kirsten Whyatt, Finance Manager, explained that the Council's finance team would continue to provide support to the company during its transition until the completion of the audit for 2021/22. She further explained that the staff resources available from Blackpool Housing Company Limited would ensure continued good financial stewardship and governance.

The Shareholder Committee endorsed the course of action noting the support of the companies involved and that it had always been intended that the governance structures would be reviewed after the company had been within the Council's ownership for a number of years and its position had been stabilised.

Shareholder Committee decision:

1. To approve as the Parent organisation, the decisions of the Blackpool Housing Company Limited and Lancashire Management Operations Limited for the transfer of the entire share capital of Lancashire Management Operations Limited from Blackpool Council to Blackpool Housing Company Limited and subsequently the business, assets, liabilities and company functions of Lancashire Management Operations Limited to form a subsidiary company of Blackpool Housing Company Limited.
2. To authorise the Director of Communications and Regeneration to carry out any actions required to give effect to the transfer, on behalf of the Council.

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Reason for the decision:

The Shareholder Committee considered that the Tramshed had been operating in a sustainable way and could now be assimilated into one of the Council companies to be managed. It agreed that the current set-up is disproportionate for the governance required for the lease. The arrangement does not require a separate company to be in place and once transferred should not be too resource intensive for Blackpool Housing Company. The Committee also noted that this course of action had been approved by the Board of Lancashire Management Operations Limited and Blackpool Housing Company Limited.

Other options considered:

The Committee considered retaining the company in its stand-alone current state. However it agreed that the governance and management required would not be proportionate for a stand-alone company. It also noted that there were experienced officers in Blackpool Housing Company who could add a more tailored resource than is currently applied to oversee the contract with the managing agent.

Date of decision:

18 March 2022

(Ms Katie Rourke, Company Secretariat Manager, left the meeting at this point).

9 BLACKPOOL OPERATING COMPANY LIMITED FINANCIAL PERFORMANCE

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr John Child, Managing Director and Councillor Graham Cain, Chair of Blackpool Operating Company Limited joined the meeting at this point.

Mr John Child, Managing Director and Councillor Graham Cain, Chair of Blackpool Operating Company Limited provided an update on Financial Performance

The Committee noted the update.

10 BLACKPOOL OPERATING COMPANY LIMITED KEY PERFORMANCE INDICATORS

(The press and public were excluded prior to the consideration of this item as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

Mr John Child, Managing Director and Councillor Graham Cain, Chair of Blackpool Operating Company Limited provided an update on Key Performance Indicators.

The Shareholder Committee noted that as well as the excellent performance against key performance indicators that the Sandcastle Water Park had become the only attraction in England to be accredited with the Green Key Award, which recognised excellence in the field of environmental responsibility and sustainability operations. The Committee suggested that the Council explored a range of options for promoting this success with

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other partners and how other companies could learn from this award.

The Committee noted the update.

11 DATE AND TIME OF NEXT MEETING

The Committee noted the date and time of the next meeting as Friday 27 May 2022, at 10am and noted that this date would be subject to confirmation at Annual Council.

Chairman

(The meeting ended at 11.35 am)

Any queries regarding these minutes, please contact:

Sharon Davis, Scrutiny Manager

Tel: 01253 477213

E-mail: sharon.davis@blackpool.gov.uk