

## **EXECUTIVE COMMITTEE**

12 November 2013

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### **IMPROVEMENT AND EFFICIENCY SOCIAL ENTERPRISE (IESE)**

Relevant Portfolio Holder	Councillor Bill Hartnett
Portfolio Holder Consulted	Yes
Relevant Head of Service	Kevin Dicks (Chief Executive)
Wards Affected	All
Ward Councillor Consulted	Not applicable

#### **1. SUMMARY OF PROPOSALS**

To consider and authorise the Council to become a public body member of Improvement & Efficiency Social Enterprise (iESE) and to approve the nomination of a representative of Redditch Borough Council to act as Voting Delegate at the Annual General Meeting of the company.

#### **2. RECOMMENDATIONS**

**It is recommended that the Executive Committee RESOLVE that**

- 1) the principle of Redditch Borough Council becoming a member of iESE Limited be agreed;**
- 2) authority be delegated to the Chief Executive following consultation with the Leader of the Council to approve and execute any documentation necessary to give effect to Recommendation 1) above; and**
- 3) the proposal in relation to the nomination of a Redditch Borough Councillor as Voting Delegate be endorsed.**

#### **3. KEY ISSUES**

- 3.1 Improvement and Efficiency South East originally operated as one of the Regional Improvement and Efficiency Partnerships (RIEPs). These Partnerships were funded by central government with the objective of identifying, fostering and delivering improvements and efficiencies across the public sector. Indeed the Council has been and continue to be supported by Improvement and Efficiency West Midlands in a number of areas of work.
- 3.2 Improvement and Efficiency South East established a leading profile in this regard however with the funding for RIEPs being stopped as part of the austerity measures they decided to continue their work under the umbrella of an independent company with the same objectives and purposes. The new entity was incorporated as a non profit distributing company limited by guarantee and was retitled Improvement and Efficiency Social Enterprise. There is an opportunity to become a member of the company which it is felt will be of benefit to the Council.

A copy of the IESE brochure is attached at Appendix 1 which details the “whole offer” that they provide – a number of areas may be of benefit to the Council including potential advice on different operating models.

- 3.3 In addition to the company, it is envisaged that additional subsidiary companies will be created over time. These subsidiary companies will deliver services to clients on a not for profit or profit making basis.
- 3.4 Being a member will involve each council/public sector body guaranteeing the company to a limit of £1. There are two classes of members; members who are public bodies and iESE members. As a local authority, Redditch Borough Council would become a “public body member”.
- 3.5 The company will be funded by a number of different means, including:
- The transfer of existing Improvement and Efficiency South East assets
  - Grant funding where available
  - Payments from clients receiving services from a group company.
- 3.6 The Council will be required to enter into a Members’ Agreement governing the relationship between itself and the company. This Members’ Agreement covers the following aspects of the relationship:
- Management of the company
  - Preparation, execution and monitoring of a Business Plan
  - Provision of Accounts
  - Admission of new members
  - Termination of the relationship
  - Disputes involving the relationship
- 3.7 The Members’ Agreement will also seek to ensure that the local authority/public bodies retain control over the ownership, strategic direction and key decisions of the company.
- 3.8 It is proposed that the Leader of the Council be nominated to act as the Council’s Voting Delegate . This appointment will be noted at Annual Council. Members are asked to note that the nominee will not be a director of the company. The Articles of iESE provide for there to be up to six public body directors each year; these are selected annually by a vote of the public body members.

**Financial Implications**

- 3.9 There are no financial implications for the Council arising from this proposal, other than entering into a guarantee for the sum of £1. This

guarantee will only be operational should the company be wound up.

- 3.9 As the company is non profit distributing, any trading surpluses generated within the company or its subsidiaries will be retained for the development of future service provision by the company.

**Legal Implications**

- 3.10 There are no legal implications arising from the report other than set out in the background.

**Service / Operational Implications**

- 3.11 None

**Customer / Equalities and Diversity Implications**

- 3.12 None

**4. RISK MANAGEMENT**

There are no major risks associated with this report.

**5. APPENDICES**

Appendix 1 – IESE Brochure

**6. BACKGROUND PAPERS**

Articles of Association of iESE Transformation Limited

**AUTHOR OF REPORT**

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