

SHAREHOLDER COMMITTEE – RUBICON LEISURE

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|------------------------------|-----------------|
| Relevant Portfolio Holder | Cllr Mike Rouse |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Jayne Pickering |
| Ward(s) Affected | All |
| Ward Councillor(s) Consulted | None Specific |

1. SUMMARY OF PROPOSALS

- 1.1 To enable members to consider the establishment of the Shareholder Committee for Rubicon Leisure.

2. RECOMMENDATIONS

- 2.1 The Executive is asked to recommend to Council**
- 2.2 That a Shareholder Committee is established of 5 members. The Committee to take the form of 3 members from the controlling group and 2 members from the opposition**
- 2.3 That the reserved matters as detailed in 3.3 be delegated to the Shareholder Committee.**

3. KEY ISSUES

- 3.1 As Members are aware approval was given to set up the new Company and transfer various leisure services to it from 1 December 2018.
- 3.2 The Company will be wholly owned by the Council and it will be constituted so that the Council as “shareholder” (or more correctly Member as the Company will be limited by guarantee rather than limited by shares) has various powers reserved to it. This is ensure that the Council retains the desired degree of control over the Company.
- 3.3 In the first instance the following reserved matters are proposed to be reserved to the Council as shareholder:
- Approvals for the appointment and dismissal of NewCo Directors
 - Approval of loans over £20,000 , charges on NewCo assets , and contracts with terms of five years or more
 - Approval of spending commitments above £250,000, or for duration of 24 months or remaining term (whichever is lower)
 - Approval of Directors remuneration (if applicable)

- Appointment and remuneration of MD , and dismissal of same
- Approval of above inflation pay increases and any other remuneration packages
- Approval of litigation defences or claims
- Approval of the appointment of bankers and auditors
- Approval of the annual Business Plan

3.4 The default position is that these powers will rest with Full Council. To streamline the decision making process, allow active exercise of the shareholder powers, and ensure that the Company is not hampered in responding to commercial opportunities by cumbersome Council process, this report recommends the establishment of the Shareholder Committee and the delegation by the Council of its shareholder powers to that Committee.

3.5 The Shareholder Committee's role will be limited to exercising the Council's powers as shareholder. The Company's Board will be responsible for running the business, and proper delivery of the services by the Company will be ensured through robust management of the service contract by the Council client department (Leisure).

Financial Implications

3.6 There are no financial implications that are as a direct result of the establishment of the Shareholder Committee.

Legal Implications

3.7 The Council must retain control over the Company to ensure that the Company can benefit from the Teckal Exemption, allowing the Council to contract with it for the delivery of leisure services without conducting an open procurement exercise.

3.8 The matters reserved to the Council as shareholder have been framed so as to ensure that the Company falls within the Teckal Exemption. The reserved matters powers must be actively exercised and enforced to ensure that the benefit of the Teckal Exemption is maintained throughout the life of the service contract.

3.9 The necessary degree of active control may be difficult to achieve if the reserved matters powers remain with Full Council.

3.10 The contractual documentation between the Council and the Company will also contain mechanisms and checks and balances to incentivise good performance and also to ensure compliance with the Teckal Exemption.

4. BACKGROUND PAPERS

Business Plan for the Leisure Company

AUTHOR OF REPORT

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