Agenda

Meeting **Shareholder Committee**

To: **Councillors Carl Les (Chairman), Gareth Dadd and Mark Crane.**

Date: **Tuesday 21 October 2025**

Time: **12.30 pm**

Venue: **Meeting Room 3 - County Hall**

Business

1. Apologies for Absence

2. Minutes of the meeting held on 2 September 2025 **(Pages 5 - 6)**

3. Declarations of Interest

All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

4. Public Questions and Statements

Members of the public may ask questions or make statements at this meeting if they have given notice to Elizabeth Jackson Elizabeth.jackson@northyorks.gov.uk and supplied the text by midday on Thursday 16 October 2025, three working days before the day of the meeting. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chair who will instruct anyone who may be taking a recording to cease while you speak.

5. Brierley Group 2025/26 Quarter 1 Financial Performance Report **(Pages 7 - 18)**

Recommendations

That the Shareholder Committee are requested to:

1) note the report and the Brierley Group Q1 Financial Performance for the 2025/26 year.

2) approve the Written Resolution at Appendix B for the payment of a dividend of £1

million to The North Yorkshire Council by Align Property Partners Limited.

3) authorise the Chief Executive (as Shareholder Representative) to sign the Written Resolution and any other relevant shareholder resolutions relating to this dividend.

4) provide approval to make the necessary changes to NY Highways Ltd's governance documents to include general property compliance, repair and maintenance works as well as larger capital schemes.

5) provide approval for NYH to enter into contract with the council to deliver its general property compliance, repair and buildings works as well as larger capital schemes.

6. Commercial Governance Review **(Pages 19 - 40)**

Recommendations

For the Shareholder Committee to:

1) Note the actions set out in section 5 of this report

2) Approve that all elected member directorships on NYC company boards will cease, except where the company is jointly owned with City of York Council.

3) Approve that the Chair of Audit Committee and an additional member of Audit Committee be invited to future Shareholder Committee meetings as observers, to widen elected member oversight of NYC companies

7. Work Programme **(Pages 41 - 42)**

Purpose of the Report: To consider and develop the Work Programme for the Shareholder Committee

8. Any Other Items

Any other items which the Chair agrees should be considered as a matter of urgency because of special circumstances

9. Date of Next Meeting - 17 March 2026

Members are reminded that in order to expedite business at the meeting and enable Officers to adapt their presentations to address areas causing difficulty, they are encouraged to contact Officers prior to the meeting with questions on technical issues in reports.

Members of the public are entitled to attend this meeting as observers for all those items taken in open session. You may be interested in subscribing to updates about this or any other North Yorkshire Council committee.

Recording is allowed at Council, committee and sub-committee meetings which are open to the public. Please give due regard to the Council's protocol on audio/visual recording and photography at public meetings. We ask that any recording is clearly visible to anyone at the meeting and that it is non-disruptive.

Anyone wishing to record is asked to contact the Democratic Services Officer (details below) prior to the start of the meeting.

Contact Details
For enquiries relating to this agenda and meeting please contact:
Elizabeth Jackson, Principal Democratic Services Officer
E-mail: elizabeth.jackson@northyorks.gov.uk
E-mail: democraticservices.central@northyorks.gov.uk
Tel: 01423 556409
Website: www.northyorks.gov.uk

Barry Khan
Assistant Chief Executive Legal and Democratic Services
County Hall
Northallerton

Monday 13 October 2025

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North Yorkshire Council

Shareholder Committee

Minutes of the meeting held on Tuesday 2 September 2025 commencing at 12.30 pm.

Councillor Carl Les in the Chair. Councillors Mark Crane and Annabel Wilkinson.

In attendance: Councillors Caroline Dickinson, Kevin Foster and Angus Thompson.

Officers present: Richard Flinton, Gary Fielding, Barry Khan, Kerry Metcalfe and Elizabeth Jackson.

Copies of all documents considered are in the Minute Book

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69 Apologies for Absence

An apology for absence had been received from Councillor Gareth Dadd. Notification had been received that Councillor Annabel Wilkinson was to act as substitute.

70 Minutes of the meeting held on 13 May 2025

Resolved

That the Minutes of the meeting held on 13 May 2025, having been printed and circulated, be confirmed as read and signed by the Chair as a correct record.

71 Declarations of Interest

Councillors Carl Les and Mark Crane declared non-pecuniary interests in Minute 73 as they were directors of NYnet.

72 Public Questions and Statements

There were no public questions or statements.

73 Brierley Group 2024/25 Outturn Financial Performance Report

Considered – A report of the Assistant Director Commercial, Property and Procurement providing the full year outturn position for 2024-25 for the companies that made up the Brierley Group.

Kerry Metcalfe, Assistant Director Commercial, Property and Procurement introduced the report, providing an overview of performance and highlighting the full year achievements and challenges for the individual companies. She drew members' attention specifically to the overall positive financial position of the group with a pre-tax profit of £3.2m and total Shareholder Value of c£15.8m for the year. The outturn position was £300k above the original budget for the year.

Align, Yorwaste, NY Highways, NYnet, NYES and Bracewell Homes all continued to perform well with profits in excess of the targets set. Brierley Homes reported a loss of £3.2m in comparison to the budgeted £200k profit set for the year, however this was broadly in line with the position set out at Quarter 3. The Council had loan financing arrangements in place with Brierley Homes which provided a loan financing premium of £1.3m, reducing the overall loss to £1.9m for the year. An external review of the company was underway and would be reported to Executive on 16 September 2025.

In response in concerns expressed by Councillor Kevin Foster over the financial position of Brierley Homes, Councillor Mark Crane confirmed that Brierley Homes was undertaking activity which benefited the council through the provision of affordable homes which would not otherwise have been built.

Members noted the report and thanked officers for the update.

Resolved

That Shareholder Committee note the report and the Brierley Group Financial Performance for the 2024/25 year.

74 Work Programme 2025/26

Members considered and endorsed the work programme for the Committee for the remainder of 2025/26.

75 Date of Next Meeting - 21 October 2025

The meeting concluded at 12.43 pm.

North Yorkshire Council

Shareholder Committee

21st October 2025

Brierley Group 2025/26 Quarter 1 Financial Performance report

Report of the Assistant Director – Commercial, Property and Procurement

1.0 PURPOSE OF THE REPORT

1.1 To provide Shareholder Committee with the draft Q1 position for the Brierley Group for financial year 2025-26.

1.2 To provide shareholder approval for the payment of a £1 million dividend to North Yorkshire Council by Align Property Partners Limited, reflecting the continued strong trading performance of the company during the year.

1.3 To provide shareholder approval to allow North Yorkshire Highways to expand its operations to include property works.

2.0 SUMMARY – BRIERLEY GROUP HEADLINES

2.1 Based on Q1 performance for 2025-26, the forecast outturn for the Brierley Group indicates a **pre-tax profit of £4.416m,** which is broadly in line with the budget set for the year. The group also continues to deliver significant additional value for the Council, with a full year forecast **Shareholder Value of c£13.3m**.

2.2 **Align Property Partners and Align Property Services** performance at Q1 indicates that the strong trading position seen in recent years will be sustained, with the full year forecast indicating a profit before tax of £1.9m. As a result, a further £1m dividend is proposed to be paid to North Yorkshire Council (para 5.5).

2.3 **Brierley Homes** are reporting a projected forecast outturn of £348k profit as at Q1, on the basis of all predicted sales being received in year. If there are further delays to the timing of sales, there is likely to be an impact on in year profitability. The position will be updated at Q2 reporting.

2.4 **Yorwaste, NYNet** and **NYES** continue to deliver strong returns, with NYC's share of outturn profits forecast at £510k, £565k and £564k respectively.

2.5 **NY Highways** are forecasting a full year net profit of £133k compared to a budget of £85k, due to an increase in budgeted profit margin. A shareholder value of £2.0m is forecast for the year, £1.1m of which comprises efficiencies derived by NYC from works undertaken by NY Highways.

3. Current Challenges

3.1 **Brierley Homes** was established in 2016, by the then North Yorkshire County Council, to deliver homes for market sale with the profits to be reinvested into frontline services. The company generates broader shareholder value for the Council, primarily through loan arrangements between the two parties - with the loans carrying interest rates above base rate to reflect the commercial nature of the company's operations. Following Local Government Reorganisation Brierley Homes' objectives have evolved, largely due to the new Council's role in increasing the supply of affordable housing units across the region.

3.3 Following a move to direct contracting as the main delivery method for Brierley Homes, the model is now being used for all sites presently under active construction. Combined with the expansion of the current development pipeline to six active sites and a further ten in the extended pipeline, this brings several challenges across a range of areas. These include the commissioning and active management of multiple sub-contractors as well as enhanced responsibilities around CIS, coupled with a substantial increase to transaction volumes. Additional resources have been brought in with the appropriate skill sets to support the future development.

3.4 Another area that has become increasingly more challenging for Brierley Homes is predicting income and managing receipt dates. The company is moving towards monthly contracted works where possible to combat the current market and ensure a robust funded pipeline. Due to a number of expected sales not being received in mid-July, an urgent decision was made by the Executive Member for Finance to grant an additional loan of £1.4m to the Company in order to ensure suppliers could be paid on time. This was reported to Executive on 19 August 2025.

3.5 In recognition of the issues faced by Brierley Homes an independent, external review of the company was requested by Brierley Group. The findings of that review were presented to the Executive in September 2025. At the meeting Executive noted the conclusions and recommendations of the review and approved additional loan facility headroom to Brierley Homes of £2m to ensure Brierley Homes has appropriate cashflow over the short term.

3.6 Other challenges within the Brierley Group relate to resourcing, recruitment and retention of professional staff, and inflationary cost pressures. The labour market continues to be very difficult in all sectors, limiting a lot of businesses ability to expand, with a significant rise in the number of economically inactive people, leading to vacancies across the portfolio. Apprentices are increasingly being appointed to mitigate these challenges, with NY Highways committing to maintaining a 5% or greater apprenticeship rate against total number of staff employed.

3.7 General inflation (RPI) was 4.8% in July 2025 down from highs of 14% in November 2022. Inflation continues to have substantial impacts across all companies with particularly impacts on loan interest, utilities, and overheads.

3.8 Customer attrition due to academisation and Multi Academy Trust (MAT) mergers pose a significant long-term threat to the business model of some **NYES** services, with a number schools joining MATs that already have their own provisions for professional support services. While bidding for and winning such MAT contracts presents a growth opportunity, accommodating the typical size of these contracts may require extra service capacity building and further development of our own bidding and contract management expertise.

4 Current and future areas of development

4.1 **Yorwaste** are progressing their strategy to maximise the control of asset maintenance and servicing to maximise uptime and therefore minimise disruption and minimise costs. Vehicle maintenance continues to be a key focus, and the new ownership strategy is facilitating improvement in control and costs

4.2 **NY Highways** are working with the property service to expand their offering and deliver responsive repairs for NYC once the current third party contract comes to an end.

4.3 **Align** have recently recruited a new head of sustainability, this presents an exciting opportunity to explore new workstreams as well as enhancing offerings on existing relationships.

4.4 Many companies are undertaking initiatives to drive cost efficiencies and address recruitment issues as well as develop their future sales pipelines.

5 2025/26 Q1 Brierley Group Financial Summary

5.1 The following tables set out the 2025/26 Q1 position and variance to budget for North Yorkshire Council's share of the Brierley Group, and the total value to NYC as shareholder of the Brierley Group companies.

Table 1 – Brierley Group: Forecast Variance to Budget

Brierley Group	Q1 Performance	Q1 Budget	Q1 Variance	Full Year Forecast	Full Year Budget	Full Year Variance
	£000	£000	£000	£000	£000	£000
Revenue	34,470	34,905	(435)	203,153	197,799	5,354
Cost of Sale/Service	(29,549)	(29,702)	152	(175,250)	(169,435)	(5,815)
Gross Profit	**4,921**	**5,203**	**(283)**	**27,903**	**28,364**	**(461)**
Overheads & Other Costs	(3,846)	(3,969)	123	(19,563)	(19,817)	254
Other Trading Income/(Loss)	153	12	141	188	47	141
Other Gains/(Losses)	-	-	-	-	-	-
Operating Profit	**1,228**	**1,246**	**(19)**	**8,529**	**8,594**	**(66)**
Finance Income	45	31	14	141	128	13
Profit before Interest & Tax	**1,273**	**1,277**	**(5)**	**8,669**	**8,722**	**(53)**
Interest Paid	(729)	(766)	37	(4,253)	(4,278)	25
Profit before Tax (NYC% Shareholding)	**543**	**511**	**32**	**4,416**	**4,444**	**(28)**

Table 2 – Forecast Variance to Budget by organisation

Company	Q1 Performance 2025/26	Q1 Budget 2025/26	Q1 Variance	Full Year Forecast 2025/26	Full Year Budget 2025/26	Full Year Variance
	£000	£000	£000	£000	£000	£000
NYnet	133	124	9	565	565	-
First North Law	27	12	15	62	50	12
Brierley Homes	(525)	(486)	(39)	348	704	(356)
Align PP	357	486	(129)	1,941	1,947	(6)
Yorwaste	213	203	10	510	466	44
Veritau	(20)	13	(33)	50	50	-
NY Highways	25	15	10	133	85	48
Bracewell Homes	192	19	173	243	77	166
Total (NYC % Shareholding) External companies	**402**	**386**	**16**	**3,852**	**3,944**	**(92)**
NYES	141	125	16	564	500	64
Total (NYC % Shareholding) all	**543**	**511**	**32**	**4,416**	**4,444**	**(28)**

Table 3 – Brierley Group Shareholder Value

Projected Shareholder Value	Trading Entities	General Fund Entities	TOTAL NYC
Financial Year:	25-26	25-26	25-26
Value	£000	£000	£000
Profit / (Loss) before Tax	3,852	564	**4,416**
NYC Support Service Contracts	328	97	**425**
NYC Loan Financing Interest	2,519	-	**2,519**
Other Deliverable Shareholder Value	5,968	-	**5,968**
Total	**12,667**	**661**	**13,328**

5.2 Tables 1 and 2 above highlight a 2025/26 full year forecast outturn pre-tax profit of £4,416k for the Brierley Group entities (£3,852k excluding performance on General Fund related operations). This is against a budget of £4,444k (£3,944k excluding General Fund related operations). Further narrative by entity can be found in **Appendix A**.

5.3 All entities are forecast to end the 2025/26 financial year with a profit.

5.4 A total Shareholder Value of £13,328k is forecast for the 2025/26 financial year. This is categorised by group profitability, margins on support service contracts and loan financing arrangements, along with other Shareholder Value in the form of financial benefits and cost savings which the Council derives from the trading and operational arrangements that are in place with the Brierley Board entities.

6 Shareholder Financial returns

As stated in previous financial reports, Align Property Partners has enjoyed strong financial performance in recent years and the company's board of directors have resolved to pay a dividend to the Council as shareholder. The payment of dividends is a reserved matter for the Shareholder Committee under the Shareholder Committee's Terms of Reference (paragraph 13) and the Shareholder Committee is therefore requested to consider and approve the attached Written Resolution at **Appendix B**. Once approved, the Written Resolution must be signed on behalf of the Council.

7 North Yorkshire Highways Ltd expansion of duties

7.1 North Yorkshire Council currently outsources its property compliance and maintenance works to a private contractor. That contract is due to expire in January 2026. The council's Teckal company, NY Highways Limited (NYH), delivers highway maintenance works across North Yorkshire. It is proposed that property compliance and maintenance is added to the portfolio of works already undertaken by NYH as well as larger corporate or other capital schemes.

7.2 The contract will be a JCT Measured Term contract and is estimated to be for a period of ten years with a break option and rolling extensions. The pricing model will be the same as the existing contract for highways operations. To deliver this work NYH will recruit multi trades and engage property maintenance contractors through its dynamic purchasing system, which offers a flexible route to market.

7.3 To enter into this contract with the council NYH will need to expand its business to include more general property compliance, maintenance and repair works as well as general capital building schemes. In addition to seeking approval to enter this contract with the council, approval is also therefore sought from the Shareholder Committee to make the necessary amendments to NYH's governance documents to include more general property compliance, repair and building works and capital schemes.

8 Recommendations

8.1 The Shareholder Committee are requested to:

i) note the report and the Brierley Group Q1 Financial Performance for the 2025/26 year.
ii) approve the Written Resolution at **Appendix B** for the payment of a dividend of £1 million to The North Yorkshire Council by Align Property Partners Limited.
iii) authorise the Chief Executive (as Shareholder Representative) to sign the Written Resolution and any other relevant shareholder resolutions relating to this dividend.
iv) provide approval to make the necessary changes to NY Highways Ltd's governance documents to include general property compliance, repair and maintenance works as well as larger capital schemes.
v) provide approval for NYH to enter into contract with the council to deliver its general property compliance, repair and buildings works as well as larger capital schemes.

Kerry Metcalfe

Assistant Director, Commercial, Property and Procurement

Corporate Director - Resources

Date: 07/10/2025

Presenter of Report – Kerry Metcalfe - Assistant Director (kerry.metcalfe@northyorks.gov,uk)

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

APPENDICES:

Appendix A – Detailed Company by Company Update

Appendix B – Written Resolution of Align Property Partners Limited

North Yorkshire Education Services (NYES)

NYES is projected to realise a net surplus of £564k in 2025-26 (after allowing for hub costs and centrally allocated overheads of £1.93m), which exceeds the budgeted net profit by £64k.

Multiple services have reported a higher than expected profit, including the Financial Management Service (FMS) who achieved savings driven by management restructure, and expanded support to existing contracts. The HR Advisory service achieved secondment savings, and the Cleaning service have staff vacancies covered by the less expensive mobile cleaning team as well as a lower than budgeted pay award.

The Catering service reported a profit slightly lower than expected due to a loss of 14 school contracts including 4 secondary schools. Management and staff structure are being reviewed to mitigate this loss.

Customer attrition due to academisation and Multi Academy Trust (MAT) mergers pose a significant long-term threat to the business model of some NYES services. Increasingly, MATs are merging into larger ‘super MATs’, and schools are joining MATs that already have their own provisions for professional support services. While bidding for and winning such MAT contracts presents a growth opportunity, accommodating the typical size of these MAT contracts may require extra service capacity building and further development of our own bidding and contract management expertise.

NYNet

NYNet reported a net profit of £133k for Q1, exceeding the budgeted figure of £124k. This positive variance reflects strong operational performance, with connectivity continuing to serve as the primary revenue contributor.

A new revenue stream contributing to this quarter’s results was the successful delivery of the North Yorkshire Police contract, secured in the previous financial year. The project was completed in a record seven months, concluding in May 2025.

Revenue from NYNet’s diversified portfolio has shown continued growth. The company is continuing to expand its product offering through third party partnerships, as well as investing in reseller agreements to support financial resilience.

The broadband sector continues to face decreasing price strategies, posing a challenge to future profitability. In response, NYNet is actively investing in product diversification to mitigate these risks.

First North Law

The Q1 position for First North Law shows a profit before tax of £27k, against a budget of £12k, with projected shareholder value for the year sitting at £71k.

The business continues to grow, with turnover increasing by 30% in 2024-25 in line with the business plan, and profit increasing to £50k for the year. Contracts have been agreed with several public sector clients making this growth achievable. Growth brings challenges associated with increased workload and staffing, although plans are in place to continue to build additional capacity. First North Law is keen to ensure the client portfolio is as diverse as possible to avoid becoming client dependent.

Brierley Homes

Brierley Homes is tracking £39k behind budget as at Q1 due to delays in receiving sales income. The full year net profit forecast stands at £0.35m, reflecting a shortfall of £0.36m compared to the budgeted profit of £0.7m. This is predominantly due to planning not being achieved at one site in the timescales expected when the budget was set, and the contracted income now not expected to be received in 25/26 in its entirety.

Shareholder value for financial year 2025/26 is projected to be a positive £1.9m.

Following a move to direct contracting as the main delivery method, the model is now being used for all sites presently under active construction. Combined with the expansion of the current development pipeline to six active sites and a further ten in the extended pipeline, this brings several challenges across a range of areas. These include the commissioning and active management of multiple sub-contractors as well as enhanced responsibilities around CIS, coupled with a substantial increase to transaction volumes. Additional resources have been brought in with the appropriate skill sets to support the future development of Brierley Homes.

Another area that has become increasingly more challenging is predicting income and managing receipt dates; Brierley Homes are moving towards monthly contracted works where possible to combat the current market and ensure a robust funded pipeline. Due to a number of expected sales not being received in mid-July, in order to ensure suppliers could be paid on time, an urgent decision was made by the Executive Member for Finance to grant an additional loan of £1.4m to the Company. This was reported to Executive on 19 August 2025. This loan to deliver affordable housing is at base rate of interest to reflect the social benefit to support the delivery of affordable homes.

In addition, the independent external review of the company, as requested by Brierley Group, has now been carried out with Tony Dodds submitting his review to the Shareholder which was presented to the Executive in September 2025. At this meeting Executive noted the conclusions and recommendations of the review and approved additional loan facility headroom to Brierley Homes of £2m at the usual commercial rate of interest to be reviewed after 6 months to ensure Brierley Homes has appropriate cashflow over the short term.

Align Property Partners / Align Property Services

The combined Q1 position for Align Property Partners and Align Property Services shows a profit of £357k, against a budget of £486k, representing a shortfall of £129k. This position is however expected to improve in the remainder of the year, with a full year profit projection of £1.9m, which is broadly in line with the budget. The shareholder value forecast for the year currently sits at £2.0m. A £1.0m dividend is planned to be paid in October 2025, in recognition of Align's recent strong financial performance.

The discrepancy between forecast and actual revenue is largely down to the commencement of several significant projects for which time/money has been spent but the projects are not yet at a position where they can be invoiced.

A number of apprentices are due to start in the next few months to mitigate the issue of recruitment and retention of appropriately skilled staff in a competitive marketplace. The company are also appointing a member of NYC's recruitment team on a full-time, secondment basis.

Align have recently recruited a new head of sustainability, this presents an exciting opportunity to explore new workstreams as well as enhancing offerings on existing relationships.

Yorwaste

Yorwaste had a pre-tax profit of £274k in Q1, being £111k behind last year. Net revenue was ahead of budget, driven by commercial activities with third party tipping up and the retention of third-party recyclate processing, partly offset by higher disposal costs.

Costs overall in Q1 were slightly ahead of budget. Tight staff cost controls continue, however the company incurred additional temporary agency costs at Household Waste Recycling Centres (HWRC's). Asset management continues to be strong, with additional costs mainly due to timing issues, and more spend in Q1 on Materials Recycling Facilities maintenance. The current year continues to benefit from year-on-year lower vehicle costs as Yorwaste transition from leased to owned vehicles.

Following the recent radio advertising campaign to raise awareness about the upcoming regulatory changes related to Simpler Recycling, Yorwaste experienced a strong first quarter, with both existing and new customers reaching out for recycling solutions. New business was realised in the quarter from local business as well as a number of prospects being developed in the month.

The company continues to develop its sales team to mitigate attrition and drive growth and is actively pursuing tenders and larger contracts. Progress is being made, but market conditions remain highly competitive, and this is not expected to change in the near future.

Yorwaste are progressing their strategy to maximise the control of asset maintenance and servicing to maximise uptime and therefore minimise disruption and minimise costs. Vehicle maintenance continues to be a key focus, and the new ownership strategy is facilitating improvement in control and costs.

Veritau

Veritau are reporting a net loss of £39k for Q1, with the NYC share of this being £20k. Despite this, the full year forecast of a net profit before tax of £100k is still set to be achieved.

Q1 has seen steady growth in new clients and fee income. One aim has been to increase the number of charity clients, and this strategy is beginning to see results. There has also been a number of schools and MATs sign up for services, however an existing contract for internal audit was lost to a competitor when the contract was up for tender, with the competitor putting in a very low bid, presumably to secure the contract.

There were no significant variances and no unexpected costs incurred during the quarter. The main challenge has been recruitment and retention, with the company losing 6 members of staff during the quarter. The strategy continues to be to recruit trainees and support staff, and promote internally, but despite this, staff turnover is higher than it has been in the last 3 years.

Veritau is continuing to invest in updated systems and tools to support the delivery of services. Redaction software is now fully operational, with the service being offered to existing clients and demand increasing.

Customer satisfaction has remained high with 96% of respondents rating the services provided by Veritau as excellent or good, and a separate survey of school clients showing 100% rating data protection services as excellent or good. Client retention also remains strong with 99% of existing clients continuing to purchase services in 2025-26.

NY Highways Ltd

Actual year to date profit at Q1 is a profit of £25k (although it should be noted that actuals only reflect April and May due to report timing). Full year forecasted profit has increased to £133k.

NY Highways are forecasting an overall increase from budget revenue of £6m consisting of £6.4m for NYC work offset by a reduction of £392k preliminary income to recover overheads incurred. Cost of sales have increased in line with the increased revenue.

NY Highways is forecasting overall shareholder value of £2.0m for 2025/26.

Business financial performance is within expected parameters overall. Recruitment has started to take place to create a team that is sufficiently resourced to support delivery of property maintenance works for NYC. NYH has joined the 5% club as part of its commitment in demonstrating social value. This means they maintain a 5% or greater apprenticeship rate against total number of staff employed. NY Highways has also been engaging with local colleges and universities to recruit a year in industry placements and have successfully secured two placements in our commercial and buying team.

Bracewell Homes

Bracewell Homes is reporting a draft profit before tax for Q1 of £192k, against a budget of £19k. The forecast variance to budget is as a result of a lease holder purchasing an increased share in their property.

This is expected to be a relatively static year for Bracewell Homes as there are currently no properties on the open market and those in the pipeline are not expected to be delivered until 2026/27 and beyond.

Appendix B

Company number **10385861**

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

ALIGN PROPERTY PARTNERS LIMITED (the **'Company'**)

30 September 2025

Under Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the following resolution is passed as an ordinary resolution (the **'Resolution'**).

WRITTEN RESOLUTION

1. To declare a dividend of £1,000,000 (one million pounds) to The North Yorkshire Council for the year ended 31 March 2025.

AGREEMENT

Please read the notes at the end of this document before signifying your agreement to the Resolution.

The undersigned, a person entitled to vote on the Resolution on 30 September 2025, hereby irrevocably agrees to the Resolution:

Signed by the Corporate Representative of THE NORTH YORKSHIRE COUNCIL:-

....

Date: ....

NOTES

1. If you agree with the Resolution, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following delivery methods:

- **By hand**: delivering the signed copy to: **Legal Services, County Hall, Northallerton, North Yorkshire, DL7 8AD.**

- **Post**: returning the signed copy by post to: **Legal Services, County Hall, Northallerton, North Yorkshire, DL7 8AD.**

- **Email**: by attaching a scanned copy of the signed document to an email and sending it to qingzi.bu@northyorks.gov.uk. Please type **"Written Resolution dated 30 September 2025"** in the email subject box.

If you do not agree to the Resolution, you do not need to do anything. You will not be deemed to agree if you fail to reply.

2. Once you have indicated your agreement to the Resolution, you may not revoke your agreement.

3. Unless by **28 October 2025**, sufficient agreement is received for the Resolution to pass, it will lapse. If you agree to the Resolution, please ensure that your agreement reaches us before or during this date.

North Yorkshire Council

Shareholder Committee

21 October 2025

Commercial Governance Review

Report of the Corporate Director of Resources

1.0 PURPOSE OF REPORT

1.1 This report provides an update to the Commercial Governance Review report presented to the Audit Committee on 18 March 2024 and Shareholder Committee on 19 March 2024 and considers the feedback from a recent review undertaken by Veritau.

1.2 The report sets out any remaining actions required to address the eleven recommendations outlined in the March 2024 reports.

1.3 The report was presented to the Audit Committee on 29 September 25. To reflect the points raised by the Audit Committee, and increase elected member oversight of NYC's commercial entities, proposals have been updated and it is now recommended that the Chair and a member of the Audit Committee be invited to attend future Shareholder Committee meetings as observers.

2.0 SUMMARY

2.1 A review of governance of companies was undertaken in early 2024 taking into consideration CIPFA good practice guidance. This report provides an update on that review and outlines progress and any further actions required to address the eleven recommendations that were made.

2.2 This report was presented to Audit Committee in September 2025 and section 5.10 of the report has been updated to reflect the points raised by Audit Committee members.

2.3 The report outlines that, following a number of staffing changes in the past year, an officer group consisting of commercial, finance and legal team representatives has now been established. The responsibilities of this officer group will include monitoring companies' performance against the recommendations set out in this report and supporting good company governance.

3.0 BACKGROUND

3.1 Through Local Government Reorganisation North Yorkshire Council inherited a number of companies that were owned by the predecessor county, district and borough councils. A review of the governance arrangements of these companies was undertaken by council officers and reported to Shareholder Committee and Audit Committee in March 2024.

3.2 The review of governance arrangements considered CIPFA good practice guidance. The CIPFA publication aims to provide local authorities with guidance and best practice around the establishment of trading companies, setting up effective governance and monitoring processes, ensuring compliance, understanding the risks involved and supporting the enduring success of their business aspirations.

3.3 The review concluded that the Council's governance and reporting structures surrounding commercial entities were largely compliant with the CIPFA guidance and were deemed to be robust and appropriate for each company. However, there were some areas identified for improvement, and these were reported to the Shareholder Committee via the eleven recommendations summarised in Section 4.1 of this report.

3.4 This report provides an update on governance arrangements and outlines progress against the eleven recommendations previously reported to the Audit Committee and Shareholder committee, alongside supplementary feedback from a recent Veritau review. The Veritau review focused on obtaining information directly from the companies with the purpose of providing assurance to management that:

- All recommendations made to the Shareholder Committee on 19 March 2024 have been completed, providing any feedback required.
- Governance arrangements in place through the Brierley Group Board, provide the Council with the required level of assurance.

3.5 The following Local Authority Companies are owned (or part-owned) by the council and were reviewed within this update:

- Bracewell Homes Limited
- NY Highways Limited (Teckal)
- First North Law Limited
- Brierley Homes Limited
- Align Property Partners Limited
- Align Property Services Limited (Teckal)
- Nynet Limited (Teckal)
- Yorwaste Limited (Teckal) (77.3% owned by the Council and 22.7% owned by City of York Council)
- Veritau Limited (Teckal) (50% owned by the Council) – following Executive approval in May 2024, Veritau have restructured and Veritau Public Sector Limited has been incorporated.

3.6 The following Local Authority Companies are wholly owned by the council, but decisions have recently been taken to dissolve them, and they were therefore not reviewed:

- NYNet 100 Limited – Executive delegated authority to the Corporate Director – Resources to proceed with the winding-up of NYNet 100 in conjunction with the Board of the company in July 2025 (Item 719).
- Brimhams Active Limited (Teckal) – Executive agreed to dissolve in November 2024 (Item 560).
- Hambleton District Holdings Limited – Executive agreed to dissolve in September 2024 (Item 529).
- Maple Park (Hambleton) LLP – Executive agreed to dissolve in September 2024 (Item 529).

3.7 Central Northallerton Development Company Limited (50% owned by the Council and 50% owned by Wykeland Properties Limited) was established to deliver the Treadmills development on the former prison site in Northallerton. This development is now complete and only one asset (a car park) is now owned by the company. Given the limited trading activity by the company, it was not covered by the review.

3.8 A structure diagram of all the Council owned companies, including those going through the voluntary strike off process, is included at Appendix A.

4.0 RECOMMENDATIONS FROM THE PREVIOUS GOVERANCE REVIEW

4.1 The following eleven recommendations were listed within the Commercial Governance Report presented to Shareholder Committee and Audit Committee in March 2024.

1. To require all companies to include conflicts of interest as a standing agenda item at board meetings.
2. To develop an in-depth policy for dealing with conflicts of interest for all directors and council appointed directors. This will supplement the current policy in the constitution.
3. For all directors to provide annual declaration of interests and for all companies to keep an up-to-date register of interests.
4. For all companies and directors to undergo refresher training relating to their roles and responsibilities and Directors Duties and how this may interact with their obligations and roles within the Council.
5. That the board membership for companies is reviewed and consideration given to whether Elected members should stand down as directors (except Veritau and Yorwaste) on the basis that the Shareholder Committee provides the elected member oversight of commercial entities.
6. To ensure that each company business plan contains the following information unless there are very specific reasons not to: -
    a. Minimum of 3 future years financial forecasting including details of any key assumptions.
    b. Opportunities
    c. Risks
    d. Pipeline of work
    e. Major developments
    f. Key performance indicators
    g. Teckal test results (where applicable)
7. A phased approach to implementing the recommended changes to Back Office Service Level Agreements.
    a. In 2024, to review and refresh the back-office SLAs for financial year 2024/25, documenting the agreed charges in advance and the details of service to be provided;
    b. 2025/26 to put in place the SLA framework with standardised terms and conditions.
8. That work is undertaken to review each entity and agree the level of audit required in line with their requirements and complexity which ensures there is a balanced approach whilst providing the necessary reassurance.
9. All Teckal companies to complete annual Teckal calculations and report within the business plan.
10. All companies to complete annual risk register reviews and include the risk register within the business plan; with the register being monitored periodically during the year.

11. For the governance arrangements for Bracewell Homes to be updated to ensure consistency with other Brierley Group entities and the CIPFA best practice guidance

4.2 As part of this update, each of the eleven recommendations have been reviewed and Section 5 of this report outlines current progress and, where appropriate, any further actions that are required to fully address the recommendations. The findings from the Veritau report have helped assess progress and any points raised within the Veritau report have been covered by the actions below.

5.0 PROGRESS AGAINST THE ELEVEN RECOMMENDATIONS

5.1 During the period under review it should be noted that there have been several staffing changes within the Council. This, alongside other post LGR workload priorities, has impacted on the levels of officer support available to progress the recommendations contained within the March 2024 report.

5.2 In recent months key officer roles, with responsibilities for the oversight of commercial governance, have been filled within the finance, legal and commercial teams. These roles include a new Head of Commercial post that was established through the post LGR restructure within the Commercial, Property & Procurement service, the recent backfilling of a vacant Head of Finance (Commercial, Property & Procurement) role, and the backfilling of a vacant Company Corporate Solicitor Lawyer role within the legal team.

5.3 An internal working group consisting of the above employees has been established and has now met twice. The responsibilities of the group will include monitoring company performance against the recommendations set out in this report and the continuation of support to deliver good company governance.

5.4 Progress against the eleven recommendations set out in section 4.1 of this report is provided below. Some of the recommendations have not yet been addressed in full due to the issues identified above, however strong governance and oversight has continued to be provided via regular Brierley Board meetings and financial reporting to the Shareholder Committee. Shareholder Committee is a public meeting led by elected Members, Cllr Les, Cllr Dadd, Cllr Crane and Cllr Wilkinson (substitute) are members of Shareholder Committee. Cllr Les, Cllr Dadd, Cllr Crane and Cllr Myers attend Brierley Board.

5.5 The updated actions below outline the further work required to address the previously identified recommendations, together with some additional areas of priority for the remainder of the year.

5.6 **Recommendation 1: To require all companies to include conflicts of interest as a standing agenda item at board meetings.**

Progress: in some instances, companies could not provide evidence via their board meeting minutes to support that conflicts of interests were included as a standing agenda item.

Action: company secretaries / directors will be reminded that, to ensure that the council can fulfil its shareholder responsibilities, conflicts of interest must be a standing agenda item. Companies should also ensure that directors are aware of what conflict's should be recorded and declared in the meeting.

Both of the above points will be covered in the training referenced within section 5.6 of this report and a proforma agenda will be offered to the companies to assist them in fulfilling the minimum requirements of the council.

5.7 **Recommendation 2: To develop an in-depth policy for dealing with conflicts of interest for all directors and council appointed directors**.

Progress: whilst some companies have an in-depth policy for dealing with conflicts of interests for all directors - and in particular Council appointed directors - others were not able to provide one.

Action: the council has recently developed a policy to cover 'Managing Conflicts of Interest in Relation to Council Owned Companies'. This provides a practical guide for officers and councillors who may have a role in connection with council companies and also helps everyone involved to recognise the interests involved and to avoid and manage any conflict between them. This will supplement the current policy in the constitution.

This policy is included at Appendix B and, subject to final comments by this committee, will be circulated to companies and their directors.

5.8 **Recommendation 3: For all directors to provide annual declaration of interests and for all companies to keep an up-to-date register of interests.**

Progress: whilst some companies were able to provide annual declaration of interests and an up-to-date register other companies had either incomplete or outdated information.

Action: companies will be reminded that declaration of interests for directors should be completed on an annual basis and an up-to-date register of interests should be maintained.

Companies will be asked to return their annual declarations of interest to the council to ensure compliance with this recommendation.

5.9 **Recommendation 4: For all companies and directors to undergo refresher training relating to their roles and responsibilities and Directors Duties and how this may interact with their obligations and roles within the Council.**

Progress: First North Law has recently provided refresher training, organised by one of the Brierley Board companies. This training was offered to directors outside of that company however not all directors could attend. Whilst many of the Brierley Board directors will already have received training and have exhaustive experience in their role it is important that, where this is the case, evidence is kept by companies to support this.

Action: some council officers sit on the boards of more than one council company. To ensure best use of resource, the council will arrange training for directors covering their responsibilities as company directors. It is also vital that directors understand their responsibilities for Health and Safety, this area will also be covered within the training offered. Individual companies will still have the offer of standalone training for their specific company should they prefer.

First North Law and NYES Health and Safety will be procured to provide this training before the end of the calendar year.

Companies will be asked to return their annual training records to the council to ensure compliance with this recommendation.

5.10 **Recommendation 5: That the board membership for companies is reviewed and consideration given to whether Elected members should stand down as directors for certain companies (except Veritau and Yorwaste) on the basis that the Shareholder Committee provides the elected member oversight of commercial entities.**

Update: due to legacy arrangements the following companies currently have council members on their Board:

- Veritau Ltd, Yorwaste Ltd, NYNet Ltd and Central Northallerton Development Company.

CIPFA guidance – "Local Authority Owned Companies - A Good Practice Guide 2022 Edition" provides recommendations regarding elected members holding directorships in wholly owned local authority companies and recommends that where members are to be appointed to company boards, the authority should ensure that the scope for conflict of interest is minimised, with a clear divide between those in such roles and those responsible for holding them to account or overseeing them.

If there is any doubt with regard to likely conflicts of interest that would make it difficult for the board to take decisions effectively, it recommends that elected members should not be appointed to these roles.

The Shareholder Committee has been established to provide elected member governance and oversight for NYC's commercial entities, therefore - taking into account the CIPFA guidance and potential for conflicts of interest - the recommendation is that elected members will not hold directorships on wholly owned NYC company boards. It is however appreciated that exceptions to this approach may be warranted, particularly where a company is pursuing core, NYC policy objectives. Where any such policy objectives are identified, it may be considered appropriate for elected members to stand as observers, particularly where a company is newly formed. It is proposed that any decisions to include elected members on boards, or as observers, will be delegated, via the Shareholder Committee, to the Leader of the Council (as Chair of the Shareholder Committee) in consultation with the Chief Executive (as Shareholder Representative).

York City Council require their members to sit on the Boards of both Veritau Ltd and Yorwaste Ltd and it is therefore deemed appropriate that this position is mirrored by North Yorkshire Council.

Some Audit Committee members raised concerns with the proposal not to include elected members on company boards. In response this issue was considered further by members of the Brierley Board and NYC officers. Following these discussions, it was concluded that the Shareholder Committee remains the appropriate forum for the oversight and governance of NYC's commercial entities. The Shareholder Committee is a sub-committee of the Executive and its membership is limited to Executive members. However, to broaden elected member oversight and reflect the Audit Committee feedback, it is recommended that the Chair of Audit Committee and one additional Audit Committee member be invited to attend future Shareholder Committee meetings as observers. They would receive all meeting papers, including those relating to confidential matters.

Action: to cease all elected member directorships for NYC company boards, except where the company is jointly owned with City of York Council and invite the Audit Committee Chair and one other Audit Committee member (as determined by the Leader) to future Shareholder Committee meetings as observers.

5.11 **Recommendation 6: To ensure that each company business plan contains the following listed information unless there are very specific reasons not to:**

a. Minimum of 3 future years financial forecasting including details of any key assumptions.
b. Opportunities
c. Risks
d. Pipeline of work
e. Major developments
f. Key performance indicators
g. Teckal test results (where applicable)

Update: Business plans are presented to Brierley Board annually for review and challenge. Whilst it is recognised that there will be variations in business plans from company to company (so a standardised format is not proposed) there are a number of areas of key content which the council felt should be included in every business plan.

Companies were reminded of this key content and asked to ensure that it was included within their 2025 Business Plans.

The key content was provided within the majority of Business Plans, except for the areas indicated below:

- North Yorkshire Highways did not include future year financial forecasting within their Business Plan. However, this is considered reasonable given the nature of their operations, which are largely driven by council-related work and can be variable in nature. NYH maintains a close and robust working relationship with the Council, and the company is subject to strong performance, financial and productivity monitoring. As a result the absence of formal medium term financial forecasting is not viewed as a significant risk or concern.
- Four companies did not provide details of their annual Teckal calculations within their Business Plan albeit one of those companies did confirm compliance within their business plan

Action: supplementary information will be sought from the company that did not provide financial forecasting information within their Business Plan. The Teckal calculations are covered within recommendation 9 below.

5.12 **Recommendation 7: A phased approach to implementing the recommended changes to Back Office Service Level Agreements (SLA's).**

Update: this recommendation is only applicable to some of the companies, and in the majority of cases, the SLAs are in a standard format. Information was, however, only partially complete for one company (NYnet).

Action: to ensure progression against this objective for NYnet.

5.13 **Recommendation 8: That work is undertaken to review each entity and agree the level of audit required in line with their requirements and complexity which ensures there is a balanced approach whilst providing the necessary reassurance.**

Update: An audit exemption can be applied for companies where two or more of the following apply:

- Turnover of less than £10.2m (£15m from 2025/26)
- Assets worth less than £5.1m (£7.5m from 2025/26)
- 50 or fewer employees

A company may, however, require an audit for reasons of reassurance or due to the industry they operate in. There are three options for each of the companies that do not meet the criteria to have a mandatory audit:

- No audit (or internal independent audit conducted)
- Medium audit / Assurance
- Full audit (an audit to the same level as the council)

The level of audits undertaken have changed over the last two years and are outlined below:

	2022/23 Audit	**2023/24 Audit**	**Notes**
Align Property Partners Ltd	Full	Assurance	
Align Property Services Ltd	Full	Assurance	
Bracewell Homes Ltd	None	None	
Brierley Homes Ltd	Full	Full	
First North Law Ltd	Full	Assurance	
NY Highways Ltd	Full	Full	Full audit required
NYNet Ltd	None	Exempt	
Veritau Ltd	Full	Full	
Yorwaste Ltd	Full	Full	Full audit required

Action: the company audit requirements will again be assessed this year and will consider the revised exemption criteria outlined above. An assurance audit will be requested for Bracewell Homes in future years.

5.14 **Recommendation 9: All teckal companies to complete annual teckal calculations and report within the business plan.**

Update: Teckal calculations, in the context of public procurement, determine if a Local Authority Trading Company qualifies for an exemption from standard procurement rules. This exemption allows councils to award contracts to companies they control without competitive tendering. The Teckal test under the Procurement Act 2023 vertical exemption has been updated to include a new holistic test that encompasses element of both the control and activities tests. To qualify for this exemption at least 80% of the company's turnover (or other appropriate activity-based measure) must be from the controlling council(s) leaving a maximum of 20% for external commercial activity. This 80/20 split is usually calculated on a rolling three-year basis. This ensures that the entity's activities are primarily devoted to the public interest tasks of the controlling authority, rather than operating in the open market.

Four companies did not provide details of their annual Teckal calculations within their Business Plan albeit one of those companies did confirm compliance within their business plan. Despite the information not being specifically included within company business plans there is confidence that the Teckal position is being actively reviewed and monitored. This is evidenced, for example, by the recent establishment of new Align and Veritau companies to address Teckal compliance issues.

Action: supplementary information will be sought from the companies that did not include details regarding their Teckal position within their business plans and they will be asked to ensure these details are included within future versions.

5.15 **Recommendation 10: All companies to complete annual risk register reviews and include the risk register within the business plan; with the register being monitored periodically during the year.**

Update: Whilst all companies have a risk register it isn’t always included in their business plan. There is also a lack of evidence to support the periodic monitoring of the risk register by board members or its annual review. Monitoring risks is a key responsibility for directors and evidence should be available to confirm that they have actively carried out this function.

Action: companies will be reminded that risk registers should be an active document and that discussions within Board meetings should be minuted to confirm that risks are actively monitored.

Companies will also be reminded to include a risk register within their business plans.

5.16 **Recommendation 11: For the governance arrangements for Bracewell Homes to be updated to ensure consistency with other Brierley Group entities and the CIPFA best practice guidance**

Update: The 2025/26 business plan closely follows the CIPFA guidance and Brierley Board will be presented with a deep-dive at their meeting on 22 September 2025.

Action: No further action recommended.

5.17 **Business Continuity**

Business Continuity refers to an organisations ability to maintain critical functions and quickly resume operations during and after a disruptive incident. Having an effective plan in place helps to minimise the impact of disruptions, safeguard assets, and protect the company’s reputation. Following recent high-profile incidents, it is recommended that the councils emergency planning team schedule meetings with the company directors to help identify any potential gaps and ensure that all critical service areas are adequately covered. This proactive approach will help to strengthen the organisation’s resilience and preparedness for any future challenges.

Action: to support council companies with reviewing their business continuity plans and to help identify any potential gaps and ensure that all critical service areas are adequately covered

6.0 FINANCIAL IMPLICATIONS

6.1 There are no financial implications arising from this report.

7.0 LEGAL IMPLICATIONS

7.1 The legal implications of the recommendations in this report are set out against the relevant recommendation.

8.0 EQUALITIES IMPLICATIONS

8.1 Not applicable

9.0 CLIMATE CHANGE IMPLICATIONS

9.1 Not applicable.

10.0 REASONS FOR RECOMMENDATIONS

10.1 The recommendations in the report are made to ensure the appropriate level of governance is maintained in all commercial companies considering CIPFA guidance and also to ensure there is a consistent approach to governance.

11.0 RECOMMENDATION(S)

For the Shareholder Committee to:

i. Note the actions set out in section 5 of this report

ii. Approve that all elected member directorships on NYC company boards will cease, except where the company is jointly owned with City of York Council.

iii. Approve that the Chair of Audit Committee and an additional member of Audit Committee be invited to future Shareholder Committee meetings as observers, to widen elected member oversight of NYC companies

APPENDICES:

Appendix A – Company Structure
Appendix B – Managing Conflicts of Interest in Relation to Council Owned Companies policy

BACKGROUND DOCUMENTS:

CIPFA guidance

Gary Fielding
Corporate Director – Resources
County Hall, Northallerton

Report Author – Neil Hughes, Head of Commercial / Kerry Metcalfe
Presenter of Report – Kerry Metcalfe AD Commercial, Property & Procurement

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions

Appendix A
Company Structure

The North Yorkshire Council

	Veritau Ltd	NYNet Ltd	Yorwaste Ltd	NY Highways Ltd	First North Law Ltd	Brierley Homes Ltd	Align Property Partners Ltd	Align Property Services Ltd	Bracewell Homes Ltd	The Mercury Housing Co Ltd
Percentage ownership	50%	100%	77.3%	100%	100%	100%	100%	100%	100%	100%
Teckal	✓	✓	✓	✓				✓		
Dormant										✓
Company Secretary	Richard Smith	Barry Kahn		Nigel McCloy					Rachel Joyce	
Directors (NYC Employees)	Gary Fielding	Richard Flinton Barry Khan	Karl Battersby	Karl Battersby Trudy Forster	Barry Khan Michael Leah Nigel McCloy	Karl Battersby Barry Khan	Karl Battersby Gary Fielding	Karl Battersby Gary Fielding	Nic Harne Rachel Joyce Paul Foster	Barry Khan Callum McKeon
Directors (NYC Councillors)	Gareth Dadd	Mark Crane Carl Les	John Weighell Brian White							
Directors (Other)	Deborah Mitchell Richard Smith Max Thomas Robert Webb	Richard Doyle Peter Scrope Alastair Taylor	Alexander Boyle Andrew Lee Deborah Mitchell Kallum Taylor	Jamie Crumlish Martin Duffy		David Bowe Stuart Ede Mark Parker	Ronnie Walton	Ronnie Walton		
Monthly Finance	Internal	Internal	Internal	NYC Finance	NYC Finance	NYC Finance	NYC Finance	NYC Finance	NYC Finance	Dormant
Accounts	BHP	Internal	Internal	BHP (aided by NYC)	BHP (aided by NYC)	BHP (aided by NYC)	BHP (aided by NYC)	BHP (aided by NYC)	Wild & Co	nil return filed
Tax	BHP	BHP	PWC	BHP	BHP	BHP	BHP	BHP	Wild & Co	n/a
Audit	BHP	Financial Health Check by BHP	PWC	BHP	BHP	BHP	BHP	BHP	n/a	n/a
Audit level required	Full	Exempt	Full	Full	Assurance	Full	Assurance	Assurance	Assurance	n/a

	Veritau Public Sector Limited	Veritau Tees Valley Ltd	Veritau North Yorkshire Ltd	NYNet 100 Ltd	Brimhams Active Ltd	Central Northallerton Development Co Ltd	Hambleton District Holdings Limited	Maple Park (Hambleton) LLP		Border to Coast Pension Partnership Ltd
Percentage ownership	Ltd by Guarantee	50% owned by Veritau Ltd	100% owned by Veritau Ltd	100% owned by Nynet	Ltd by Guarantee	50%	100%	99%	1% owned by Hambleton District Holdings	9%
Status			Dormant	To be dissolved	To be dissolved		To be dissolved	To be dissolved		

Appendix B

Managing Conflicts of Interest in Relation to Council Owned Companies

Contents

1. Summary

This protocol provides a practical guide for officers and councillors who may have a role in connection with the Council’s companies. It helps everyone to recognise the interests involved and to avoid and manage any conflict between them.

2. Introduction

2.1 The Council has established wholly and partly owned companies, covering a range of offerings. These include selling services and works to the Council and other public bodies and providing vehicles to manage or invest in revenue generating assets such as affordable housing.

2.2 Conflicts of interest have the potential to undermine the governance of the Council and its companies.

2.3 This protocol therefore enables those involved with Council companies (including councillors, officers, company representatives and contractors) to recognise the interests involved and manage and resolve any potential or actual conflict between them.

2.4 It applies to the Council’s trading companies and companies that have been set up to provide services directly to or for the Council (frequently known as ‘Teckal’ companies.)

3. The roles and obligations involved

3.1 Council officers and councillors can be appointed as directors of the Council’s companies. It is essential, at the outset, for the Council to be clear on the roles that they intend any officer or councillor to have within the Council and how this differs from their role as a director of a Council company.

3.2 **Officer of the Council**: the first duty of an officer of the Council is to the Council itself, using their knowledge and professional expertise, and the Council’s information and resources, to give advice, make decisions under delegations, and to deploy line management reports generally to deliver the Council’s objectives. An officer or councillor can never waive their duty to act in the public interest when exercising their duties to the Council. This will on occasion create an inescapable conflict of interest between an individual’s role as a councillor or officer of the Council and as a director of a company (where directors must act in the interests of the company, including shareholders).

3.3 **Councillor:** a councillor is democratically elected to represent their community and may be appointed to formal roles or bodies within the decision-making structure of the Council, to make decisions and to shape policy on behalf of the Council. Such roles may involve executive decision making or scrutiny or oversight of the Council or other bodies.

3.4 **Director of a company**: a director's first duty is to the interests of the company not to the Council. The Institute of Directors' Corporate Governance Guidance and Principles states: "*an important principle of company law is that directors have a duty to promote the success of the company as a whole. They are specifically prohibited from directing the activities of the company in favour of themselves or particular shareholders and/or stakeholders*".

3.5 Everyone serving in public life must act in accordance with the statutory General Principles of Public Life. They also form the foundation of both the officer and member codes of conduct. As such, officers and councillors, even when serving as directors, must always demonstrate:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

3.6 **Council's Members' Code of Conduct**: councillors must, when acting in their official capacity as councillor, act in accordance with the Council's Members' Code of Conduct contained in the Council's Constitution. The Code requires councillors to register and declare their interests. One of these interests would be their appointment as a director to a Council company. Such transparency is key to instilling public confidence. The Member Code is also clear on the use of information received as a councillor in that councillors must not disclose information given to them in confidence or which they believe, or ought reasonably to be aware, is of a confidential nature, unless they are obliged to by reason of law or have consulted the Monitoring Officer prior to its release.

3.7 **The Officer Code of Conduct**: this similarly requires officers (grade K and above) to register any interests and where such officers have declared an interest the detail will be kept in a register by the Council's Monitoring Officer or, in the case of schools, the headteacher or chair of governors. The registered information is not available to the public but is accessible by other officers who have a 'need to know'. The Officer Code also provides that employees must not use any information obtained in the course of their employment for personal gain or benefit, nor should they pass it on to others who might use it in such a way. The Officer Code specifically provides that employees involved in the tendering process and dealing with contractors must be clear on the separation of client and contractor roles within the Council. Senior employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.

3.8 **The Guidance Note for Councillors and Officers on Outside Bodies** contained in the Council's constitution: this explains that the duties of a company director are not the same as one's responsibilities as a Councillor or officer and that the company must come first i.e. that directors must act in the interests of the company, and not in the interests of other parties, including shareholders. It contains information about director's duties and liabilities.

3.9 **Articles of Association**: each of the companies will have its own Articles of Association and these will include their particular requirements for handling conflicts of interest and any process for authorising potential conflicts. The Articles will acknowledge that directors must avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

4. When do conflicts of interest arise?

4.1 The Council frequently appoints its nominees as directors to its companies to be responsible for the Council's interests and report back accordingly. There is clear potential for conflict of interests when as directors the individuals also have statutory duties to act in the best interests of the company.

4.2 Councillors and officers should be aware of potential for conflicts of interest when carrying out their roles for the Council, or when acting as directors of companies. Situations can inevitably arise where the same person could be asked to make a decision or advise both the Council and one of its companies. Examples of this include matters of reporting, contractual discussions, investment requests or resourcing agreements.

4.3 Examples of areas where conflicts can arise include:

- **Scrutiny of own decisions/performance**: holding a Council role which involves potential oversight and scrutiny of the company, while also holding a position within the company.
- **Council decision affecting the company**: an officer as director making/advising the Council on a decision under delegated powers for the Council, that affects the company.
- **Personal/private interests**: holding a position as a director while having a private financial or non-financial interest which may conflict or may be perceived to conflict with the role. For example, where a director (or their relative/close friend) has an interest in a supplier or competitor to the company.
- **Gifts & hospitality**: directors receiving benefits from third parties (e.g. potential suppliers to the company) such as gifts and hospitality.
- **Access & use of information, opportunity**: the exploitation by a director of any asset, information or opportunity related to the company. It could be a breach of a director's duty to the company either to disclose confidential company information to the Council, or to disclose confidential Council information to the company.

5. Avoiding conflicts

5.1 The Council can minimise the risk of a conflict by considering carefully at the outset who it appoints as a director.

5.2 Appointments should relate to the relevant position in the Council, not to a specific individual. It then follows that if a Council appointed director ceases to be an employee or office holder of the Council, they should automatically no longer be able to hold board membership.

5.3 Appointments should take account of:

- the benefits of appointing independent directors to the entity
- the need to avoid Council members and officers also being appointed to senior positions in the company, if such an eventuality is likely to lead to a conflict of interest
- achieving as wide a range of skills as possible relevant to the company's purposes and aims

5.4 Given the nature of their roles, certain officer and councillor positions should not be appointed as directors if there is a likelihood of a conflict of interest. These include:

- Executive Members whose portfolio relates to the aims of the company
- Corporate Directors whose service areas relate to the aims of the company
- Elected members appointed to the Shareholder Committee

5.5 Officers and councillors must also be aware of what those roles mean for their use of market sensitive information or other confidential intelligence that might be of interest to the other entity but to which they would not be otherwise entitled. Officer and councillors need to be very clear about which role they are performing and not to disclose or otherwise act on the awareness of any such information in the other setting. Consideration should be given prior to the appointment of any officers as to whether any **ethical walls** (see Appendix 2**)** are necessary – for example restricting an officer's involvement in the 'Council side' of any projects or initiatives that overlap with the aims and activities of the company/joint venture; or their access to confidential information relating to such projects, initiatives and activities. These should be discussed and agreed with the Monitoring Officer. A director will also need to be mindful of the sensitivity of the information gained within the company and take care not to disclose this inappropriately within the Council.

6. Managing potential and actual conflicts of interest

6.1 **Registration of interests:** Potential Council appointees to a company should complete a declaration of interest form before their appointment is made.

6.2 **Training:** Training on identifying conflicts of interest should be given to each appointee, as arranged or commissioned by the Monitoring Officer.

6.3 **Potential conflicts:** Where an officer or councillor considers a potential conflict exists between the Council and their company role, they should confidentially discuss with the Monitoring Officer (or their Deputy) to determine whether a conflict exists on the Council side and with the Company Secretary on the company side.

6.4 **Declare interests:** Officers and members who hold roles with the company must declare any interest they have in a proposed transaction in advance of the transaction being entered into.

6.5 The declaration of an interest in an existing transaction must be declared as soon as reasonably practicable after the individual concerned becomes aware of it.

6.6 If an individual is in any doubt as to whether a conflict exists they should refer the matter to the Council's Monitoring Officer (or their Deputy) for a decision about whether a conflict exists.

6.7 **Action where conflict exists (1):** In the event of a conflict of interest, the Monitoring Officer should operate an '**ethical wall'** policy, whereby an information barrier is erected to prevent communication that could lead to the disclosure of information which is confidential to one organisation or the other.

6.8 The individual should follow the Council's and the company's procedures for declaring and registering an interest; it's important that both officers and councillors take full note of the content of agendas and whether the business to be transacted raises any potential conflicts; there will be a point on each agenda where interests should be declared.

6.9 **Action where conflict exists (2) - abstain from influencing the decision**: having declared a conflict of interest, there should be no taking part in a decision about the issue; directors should be prepared to leave the board meeting and in extreme cases leave the board entirely in cases where such conflicts are structural and could eventually become detrimental to the success of the company.

6.10 **Appointment of contract officers:** where the Council is contracting with one of its companies a 'contract officer' and a 'client side officer' will be appointed with primary responsibility for liaison between the company and the Council to lead on managing contractual arrangements with the companies and in holding of the companies to account.

6.11 **Annual update of registers of interest**: there should be an annual reminder to each officer/councillor to update their registers of interest to encourage continued thinking about potential or emerging interests.

6.12 **Audit**: the Council will use its internal and external audit functions to regularly review the governance arrangements relating to all of its companies to ensure that potential conflicts do not arise or are identified early.

7. Company law provisions and authorisation of conflicts

7.1 Appendix 1 contains a summary of directors' duties including the duty to avoid conflicts of interest. More particularly, directors must avoid situations in which they could have a direct or indirect interest that conflicts with the interests of the company. This applies to the exploitation of any property, information or opportunity (regardless of whether the company could take advantage of that property, information or opportunity).

7.2 Company law provides that the Articles of Association can make provision for directors and shareholders to authorise a conflict in some circumstances.

7.3 Actual or potential conflicts of interest can be authorised in advance in one of two ways, either by the Council in its capacity as the sole member of the company, or by the directors. The articles of association will set out the detail of:

- conflicting interests which are expressly permitted;
- how, when and where an interest is to be declared by a director;
- the procedure by which the directors can authorise a conflict; and
- who can vote and form a quorum.

7.4 Directors will need to check and take advice on the provisions in their particular company's articles of association.

Appendix 1 - Director’s Duties

UK company law (sections 170-177 of the Companies Act 2006) defines a number of general legal duties for directors of UK companies. These include the following:

The duty to act within powers: Directors must act in accordance with the company‘s constitution (i.e. the Articles of Association and resolutions of general meetings), and only exercise powers for the purposes for which they are conferred.

The duty to promote the success of the company: directors must act in a way which they consider, in good faith, will promote the success of the company for the benefit of its members (shareholders) as a whole, having regard to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company‘s employees;

(c) the need to foster the company‘s business relationships with suppliers, customers and others;

(d) the impact of the company‘s operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct;

(f) the need to act fairly as between members of the company.

The duty to exercise independent judgement: each director must exercise independent judgment in their decision making.

The duty to exercise reasonable care, skill, and diligence: directors must exercise reasonable care, skill and diligence in their duties. The meaning of ‘reasonable care, skill and diligence’ is judged according to what may reasonably be expected of a person carrying out the functions of director of that company. It is also judged according to the general knowledge, skill and experience of the individual director.

The duty to avoid conflicts of interest: directors must avoid situations in which they could have a direct or indirect interest that conflicts with the interests of the company. This applies in particular to the exploitation of any property, information or opportunity (regardless of whether the company could take advantage of that property, information or opportunity). However, this duty is not infringed if the matter has been authorised by the board.

The duty not to accept benefits from third parties: directors must not accept benefits from third parties unless the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

The duty to declare interest in proposed transaction or arrangement: If a director has a personal interest, direct or indirect, in a proposed transaction or arrangement with the company, they must declare the nature and extent of that interest to the other directors before the transaction or arrangement takes place.

Local authority nominee directors therefore have a duty (at appointment and otherwise) to properly identify, manage and address any potential conflicts of interest. As Cabinet Office guidance indicates: ‘A failure to acknowledge and manage a conflict of interest could cause a significant reputational risk, may result in disqualification and have financial consequences for the director.’ It warns that ‘some conflicts can also have criminal implications’.

Therefore, Council company directors will need at all times to remain alert to such conflicts, and when any potentially arise ensure that they take appropriate legal and other advice.

Appendix 2 - Ethical Walls Procedure

If the Monitoring Officer feels that there is a risk of conflict, or that the interest of the organisations is not best served by an officer or councillor acting for both, they will invoke this procedure.

When a conflict or potential conflict is identified, the officer or member should alert the Monitoring Officer or the deputy. The Monitoring Officer will provide advice to the individual concerned on whether there is a conflict.

The Monitoring Officer will maintain an audit trail of their actions and any advice given, including a list of active Ethical Walls.

In the case that a conflict or potential conflict is identified, the Monitoring Officer will draw up a list of the officers who will be representing the interests of each party.

The Monitoring Officer will alert those on the list, relevant lead officers and councillors and any external parties to the discussion, that an Ethical Wall has been put in place and who they should deal with.

Once the Ethical Wall has been erected, officers on either side of the wall should treat and behave towards the council company, and the officers representing it, with full regard to the issue in question, as if they were an external organisation. That is, information supplied by the other party should be thoroughly and critically examined, and not taken on trust or face value, and information which is confidential to the interests of the organisation they represent must not be disclosed to the other party.

Whilst this relationship should be respectful and business like, it should be based on auditable correspondence, as opposed to verbal communications, as such documents could later be relied upon in legal action.

It should be agreed where files and electronic correspondence should be held, and neither party should access information held by the other. Appropriate access restrictions will be established by IT Services for information held electronically.

Officers should only advise councillors and officers on their side of the wall. Reports to committees must be in the name of and signed off by officers on the correct side of the wall, and officers should not be present at meetings at any time when they are dealing with the issue on the other side of the wall.

The Ethical Wall should only be used for the issue in question and does not extend to any other areas of work.

When the issue in question has been successfully concluded, the Monitoring Officer should be notified and they will close the issue on the list of active Ethical Walls if they deem it appropriate.

Shareholder Committee Work Programme 2025/2026

Meeting Date	Items of Business
21 October 2025 @ 12:30 pm	1. Brierley Group Q1 2025/26 Performance Report 2. Commercial Governance Review 3. Work Programme 2025/26
17 March 2026 @ 12:30 pm	1. Brierley Group Q3 2025/26 Performance Report 2. Work Programme 2025/26

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