

North Yorkshire County Council

Shareholder Committee

Minutes of the remote meeting held on Tuesday, 14th September 2021 commencing at 12.00 pm.

County Councillor Carl Les in the Chair, plus County Councillors Gareth Dadd and Don Mackenzie.

Officers present: Richard Flinton, Gary Fielding, Barry Khan, Michael Leah, Vicki Dixon and Melanie Carr.

Copies of all documents considered are in the Minute Book

60 Minutes of the meeting held on 25 May 2021

Resolved –

That the Minutes of the meeting held on 25 May 2021 having been printed and circulated, be confirmed as read and signed by the Chairman as a correct record.

61 Declarations of interest

There were no declarations of interest.

62 Public Questions & Statements

There were no questions or statements from the public.

63 Brierley Group Annual Report and Brierley Group Business Plan, including Quarter 1 2021/22 Financial Performance and LGR update

Considered -

The report of the Director of Strategic Resources providing a first quarter financial and performance update for 2020/21, for the companies that made up the Brierley Group.

Michael Leah, Assistant Director Travel & Environment, Waste and Countryside Services introduced the report, providing an overview of financial performance during the first quarter, together with an overview of the achievements and challenges for the individual companies. He drew members' attention specifically to:

- The actual profit of £154K against the target of £53K – a positive position compared to where the Group concluded in the last financial year;
- NYES – Forecasted to meet its targets for the year, with some expected impact still to services from COVID-19. The company was now looking to develop a digital offer;
- NYNet – There had been some difficulties with the roll out of the full fibre network but the company was now performing well. Progress had also been made in delivering the public wifi;

- First North Law – Delivered profit through Quarter 1 and was developing agreements with new customers;
- Brierley Homes – Back in to a construction phase having delivered the pilot at Thorpe Willoughby. Cash was now being spent on construction at Woodfield Square & Pateley Bridge, with the aim of completing those sites by late 2021 / early 2022, to be followed by the start of construction at Marton-cum-Grafton. Work on a business case for Swainby was also being progressed;
- Align Property Partners – Recovered in to a profitable position for the year;
- Yorwaste – Had a positive profit variance against its budget, having seen a recovery in net revenues from its commercial operation. It had also seen increases in landfill gas revenues through its landfill restoration and aftercare segment, which had helped the company's cashflow;
- Veritau – Forecasting a profit for the year, with some cost savings as well, resulting from the remote provision of services and some new product development;
- NYHighways – Went live on 1st June 2021, with the transfer of staff from Ringway and a successful implementation period. Some challenges remained around the further integration of the business and delivery of its business case;
- The ongoing challenge around staffing across the companies e.g. drivers, solicitors, educational psychologists and auditors. Each company was looking at growing its own talent;
- Supply chain challenges – vehicle and plant sourcing was proving problematic;
- Market stability remained a challenge in the medium term as a result of the pandemic and a possible increase in construction costs;
- Shareholder value was forecast at £4.3m for the year, which represented additional value to the Authority;

Members agreed it was a much more positive position than previously reported in the last 12 months. They also expressed confidence in Brierley Homes, recognising the current period of outgoing costs would lead to a period of incoming receipts from sales, as was typical of any construction company. It was suggested that in the coming months it would be helpful to have a presentation on what profit the real estate was likely to generate, in order to combat the perception that Brierley Homes was loss making. It was noted that the successful delivery of the site at Thorpe Willoughby was proof of concept and the financial return from that site to the Council was now known, with a 15% profit margin. It was also noted that Brierley Homes had a fixed overhead base and whilst running with a small number of schemes the overhead was disproportionate, but with more schemes taken on, the overhead would not increase significantly in proportion to the revenue generated. The Company therefore needed to have multiple schemes ongoing with good management controls around it.

The report also included a brief overview of Local Government Re-organisation. Michael Leah, Assistant Director Travel & Environment, Waste and Countryside Services reassured members that the Brierley Group recognised its position within that re-organisation and drew attention to the potential impact on its operating model, governance framework and possible opportunities and threats arising. In particular, he noted:

- The modular nature of the group and the brand would allow it the flexibility to adapt in the future, and therefore the operating model would be fit for purpose going forward;
- A series of audits of the governance arrangements had already taken place, and would continue to be reviewed as necessary, as LGR progressed;
- The situation would be closely monitored to identify any opportunities and threats arising from the formation of the Unitary Council – none were apparent as yet;

Members noted the report and thanked officers for the update.

64 Work Programme

Members considered and endorsed the work programme for the Committee for the remainder of 2021/22.

The meeting concluded at 12.30 pm.