

Council membership of “iESE Ltd”

Report of the Corporate Portfolio Holder

Recommended:

1. **That the Council’s Membership of iESE Ltd is terminated.**
2. **That the Head of Legal and Democratic Services be authorised to execute the documents necessary to give effect to the termination.**

SUMMARY:

- In 2012 the Council became a formal Member of iESE Ltd.
- Due to changes to iESE’s required governance arrangements it is now desirous for the Council (along with others) to terminate its membership of the company.

1 Introduction

- 1.1 In 2012 Test Valley Borough Council became a member of iESE Ltd. Due to iESE’s current governance requirements, it is now desirous for Test Valley Borough Council (along with seventeen other Councils) to terminate its membership of iESE Ltd.
- 1.2 This will not prevent the Council re-joining the company in the future and/or being involved in a capacity other than a formal member.

2 Background

- 2.1 South East Regional and Efficiency Partnership was one of the regional and efficiency partnerships (RIEPs) established as part of the local government improvement programme initiated and grant funded by central government. The purpose of RIEPs was to *“help councils and their partners to deliver better services by supporting them in their efforts to become more efficient, innovative and engaged with citizens”*.
- 2.2 When central government funding ceased in 2012 the former South East Regional and Efficiency Partnership transitioned from a grant funded body to a company based on a not-for-profit charging model, iESE Ltd. The objects of the company are to *“advance the improvement and/or efficiency of local public services”*.
- 2.3 Test Valley Borough Council (along with twelve other Councils) entered into a Members Agreement with iESE Ltd dated 29th February 2012.
- 2.4 Under this Agreement each Member Council agrees to ensure a core number of Directors and is entitled to appoint and remove one Director to the iESE Board. The Board has responsibility for the supervision and management of iESE and its business.

- 2.5 Test Valley Borough Council has not held a seat on the iESE Board of Directors since 23 June 2015. It would appear that the position is similar for the other Member Councils.
- 2.6 It is no longer appropriate for iESE's governance purposes to have inactive Council members. Accordingly, iESE now wishes to terminate the membership of those thirteen original Councils (along with others who have subsequently been appointed) and move forward with such other governance arrangements as the company sees fit and appropriate.
- 2.7 iESE has provided a draft Deed of Termination for the Council's consideration.

3 Options

- 3.1 The options are:
- 3.2 **Option 1.** Not to terminate the Council's membership of iESE.
- 3.3 **Option 2.** To terminate the Council's membership.

4 Option Appraisal

- 4.1 Was the Council not to voluntarily terminate its membership of iESE, company governance arrangements would be compromised which is clearly not desirable. The company would be entitled to invoke dispute resolution, arbitration or court proceedings if the member Councils did not agree to voluntary termination of membership. As stated above this Council has not held a seat on the Board for over four years in any event.
- 4.2 The recommended option is option 2, to terminate the Council's membership.

5 Risk Management

- 5.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

6 Resource Implications

- 6.1 There are no resource implications of the recommended option.

7 Legal Implications

- 7.1 There are no legal implications of the recommended option, save that in terminating the Council's Membership, the Council's liability to make payment (albeit of a nominal sum) on liquidation of iESE is also discharged.
- 7.2 The Head of Legal and Democratic Services has considered the draft Deed of Termination and is satisfied with its content.

8 Equality Issues

8.1 No equality issues are identified in relation to the recommended option.

9 Other Issues

9.1 No other issues are identified.

10 Conclusion and reasons for recommendation

10.1 For the reasons set out above it is recommended that Cabinet resolves to terminate the Council's membership of the iESE Ltd.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
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Report to:	Cabinet	Date:	15 January 2020