

Report of: Councillor Andy Hull, Chair of iCo (Islington Ltd)

Decision by the Leader of the Council	Date: 16 February 2017	Ward(s): N/A
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This is a decision by an Individual Executive Member under Procedure Rule 55.7 of the Council's Constitution.

APPENDIX 1 TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Amendment to iCo Articles of Association to incorporate Pest Control services

1. Synopsis

- 1.1 The council's Pest Control service wishes to trade on a commercial basis through iCo, the council's commercial trading company. A business case for the service has been considered and endorsed by the iCo Board.
- 1.2 At present Pest Control is not a business area iCo is authorised to trade in under its Articles of Association. Shareholder agreement is required to amend the Articles of Association to incorporate pest control services.

2. Recommendation

- 2.1 That Islington Council, as sole shareholder of iCo, approve the amendment to the Articles of Association as set out at Paragraph 3.10
- 2.2 That the special resolution giving effect to the decision be signed and submitted to Companies House.

3. Background

Decision-making requirements

- 3.1 Article 3.5 of iCo's Articles of Association stipulates that shareholder approval is required to undertake any business other than business relating to:
- i. Consultancy services related to technical, professional and/or specialist knowledge, skills and /or expertise;
 - ii. Operational services related to grounds maintenance, metalwork fitters' services and infrastructure repairs;
 - iii. Waste services provided to commercial organisations and to non-commercial organisations other than Islington Council;
 - iv. Sale of memorials related to cemetery services;
 - v. Activities related to the buying, selling, renting and/or management of properties, including properties that are sold to or transferred to the Company by Islington Council; and
 - vi. A business not covered by 3.5.i to 3.5.v above where the aggregate value of the traded business is below £10,000 per annum and in any event no more than £30,000 over 3 years.
- 3.2 Paragraph 2.6 of Part 3 of Islington Council's Constitution states that shareholder decisions which are administrative, minor or urgent may be made by the Leader of the Council.

The Leader has notified the Proper Officer that he may make decisions on behalf of the council as the sole shareholder in Islington Company (iCo) in respect of matters which are reserved in the Articles of iCo to the council's Executive where the decision is administrative or minor or in his view urgent.

The proposed decision is considered to be minor. Incorporating an additional business area from the Environment and Regeneration directorate does not represent a significant change to the business activities of the company.

- 3.3 Procedure Rule 55.7 of Part 4 of the council's Constitution states that decisions by individual executive members must be recorded in writing and are subject to the call-in procedure.

Decisions by any individual member of the Executive, including the Leader, in respect of matters reserved to them in the Constitution, shall not come into effect until formally recorded in writing and signed by the relevant decision taker and the Chief Executive or the Monitoring Officer, or their authorised representative and shall be subject to the call in procedure.

- 3.4 Procedure Rule 95.2 states that decisions made by individual members of the Executive that are key decisions or recordable decisions are required to be made in public. As the recommended decision does not meet the criteria for a key or recordable decision, this decision is not required to be made in public or feature on the Forward Plan. The decision is subject to the call-in procedure, set out at Procedure Rule 66 of Part 4 of the council's Constitution.

Pest Control Service

- 3.5 iCo is the council's commercial trading company, which has been established to generate income for the council to help protect essential services. The company trades a limited number of services on a commercial basis and is seeking to increase the range of services it provides in order to generate additional income.
- 3.6 The iCo Board considered a draft business case for the commercial trading of the council's Pest Control service at its September 2016 meeting. The Board agreed the business case and to commence trading, subject to the agreement of Islington Council as shareholder.

- 3.7 The business case details the proposal to extend the existing Pest Control service to both private residential and commercial customers. This will enable the service to generate additional income with a wider customer base as well as expand current operations to deliver more specialist pest control products. The service will be looking at developing over time a commercial contract portfolio with local businesses. The business case includes an appraisal of demand for the service, an analysis of competitor businesses, financial forecasts and proposed fees and charges.
- 3.8 The business case has been updated since the iCo Board meeting to include revised financial projections and a more detailed evaluation of risks and legal implications. The updated business case is set out at Appendix 1.
- 3.9 The business case sets out that iCo will commission Islington Council to provide the commercial pest control service on its behalf. It is not proposed for the council's existing Pest Control service, its clients or its staff, to transfer to iCo.

Proposed Amendment to Articles of Association

- 3.10 It is proposed to amend Article 3.5.ii as follows:

'Operational services related to grounds maintenance, metalwork fitters' services, infrastructure repairs and pest control.'

Amendments to the company's Articles of Association must be submitted to Companies House within 15 days of them being agreed.

4. Implications

4.1 Financial Implications:

There are minimal set up costs associated with this proposal as the service will operate within the existing establishment. If, in future, the demand for the service increases significantly, there may be a need for the council to employ additional staff but these will be funded from the income generated. There will be a small increase in running costs of iCo but these will be marginal and covered by the additional income generated. Any additional cost will be reported in line with council procedures.

4.2 Legal Implications:

The Articles of Association of iCo do not currently permit trading for pest control services. The permitted areas are restricted to those set out in paragraph 3.1 of this report. Therefore in order for iCo to trade in pest control services the articles will need to be amended as proposed in this report. The power to amend the articles is reserved to the council as shareholder. Such shareholder decisions may be made by the council's Executive or Leader in accordance with the council's constitution. Paragraph 2.6 of Part 3 of Islington Council's Constitution states that shareholder decisions which are administrative, minor or urgent may be made by the Leader of the Council.

4.3 Environmental Implications:

The expansion of these services to private residents and commercial premises will have a positive impact on the environment by assisting residents and commercial premises manage pest issues and, where applicable, take preventative action.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has not been completed as it is not applicable in this instance. The proposal is an extension of the council's pest control service to private residential and business customers and would not have an adverse impact on the existing service.

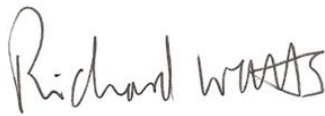
5. Reasons for the decision:

- 5.1 Allowing iCo to provide a commercial pest control service will assist in generating additional income. To allow the service to trade through iCo, Islington Council as shareholder is requested to amend the company's Articles of Association to incorporate the service.

6. Record of the decision:

- 6.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed by:



Leader of the Council

20 February 2017

Date:

Counter-signed by:



Monitoring Officer

21 February 2017

Date:

Appendices

- Appendix 1 – Pest Control Business Plan – **EXEMPT FROM PUBLICATION**
- Appendix 2 - Special Resolution to be signed

Background papers:

- None

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PEST CONTROL BUSINESS PLAN – CIRCULATED SEPERATELY

THIS APPENDIX IS EXEMPT AND IS NOT FOR PUBLICATION

This Appendix is not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information).”

If you require any assistance or information about exemptions and exempt appendices please contact Democratic Services.

COMPANIES ACT 2006

SPECIAL RESOLUTION

~ OF ~

ISLINGTON LTD

COMPANY NUMBER: 05303559

SPECIAL RESOLUTION ON CHANGE OF ARTICLES

I, Richard Watts, as Leader of Islington Council, agree to the following resolution on behalf of Islington Council, the sole shareholder of Islington Ltd:

That the Articles of Association of the Company be amended at 3.5.ii as follows:

- ii. Operational services related to grounds maintenance, metalwork fitters' services, infrastructure repairs and pest control**

Signed:

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On behalf of Islington Council,
Sole Shareholder of Islington Ltd

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Date

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Director, Islington Ltd

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Date