

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APPENDIX 1 TO THIS REPORT IS NOT FOR PUBLICATION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: iCo acquisition of shares in TES Ltd

1. Synopsis

- 1.1 The Council's commercial trading company, iCo, wishes to acquire shares and enter into a shareholder agreement with TES Ltd, a developer and provider of CCTV and ANPR systems.
- 1.2 The Articles of Association of iCo requires that this decision is made by the council as shareholder. This report seeks the agreement of the council as shareholder to the proposed share acquisition by iCo.

2. Recommendation

- 2.1 That Islington Council, as sole shareholder of iCo, approve the acquisition of shares in TES Ltd by iCo, and authorise entering into a shareholder agreement based on the appended heads of terms.
- 2.2 That the written resolution giving effect to the decision be signed.

3. Background

Decision-making Requirements

- 3.1 Article 3.3 of iCo's Articles of Association states that acquisition of shares in another company is a decision reserved for Islington Council as the sole shareholder of the company.

The matters set out below shall be reserved for decision by Islington Council as the sole shareholder...

The amalgamation or merger of the Company with any other company, business or undertaking or the acquisition of any shares in any company or any business or undertaking of any person, the establishment of any Subsidiaries or the participation by the Company in any legal partnership or joint venture (whether incorporated or not).

- 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 as no payment is being made by iCo, and iCo would be receiving a relatively small share in return for a limited amount of services. The transaction is considered to be low risk.

- 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.

Shareholder agreement

- 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 existing council services on a commercial basis and also seeks to provide consultancy services related to technical, professional or specialist knowledge, skills or expertise.
- 3.6 TES Ltd is a provider of CCTV and ANPR products, specialising in vehicle-mounted enforcement cameras and their associated systems. The company's products support traffic monitoring and management, parking enforcement, environmental crime enforcement and street and traffic surveys. Islington Council has an existing working relationship with the company, having previously procured their enforcement vehicles. TES is seeking to work with a local authority to help to further develop its business, creating new integrated systems and enforcement software and hardware.
- 3.7 The Directors of iCo have met with TES Ltd and negotiated a mutually beneficial business arrangement. It is proposed for iCo to provide the following services to TES Ltd in return for a 10% stake in the company:
- Management support and officer time in the development of new parking management systems
 - Provide a reference site for TES to develop and test new parking management/enforcement systems
 - Allow TES to use iCo's name (and Islington by extension) when bidding for projects and providing consultancy expertise.

The agreed heads of terms for the shareholder agreement are set out at Appendix 1. These have previously been agreed by the Chair of the iCo Board.

- 3.8 TES has secured an innovation grant from the European Union for their work in developing enforcement systems. This puts the company in a strong position in regards to product development and indicates that the company has the potential to expand. From a commercial perspective, this proposal allows iCo to have an equity stake in an innovative young company that may grow to become a very successful company in the near future by providing non-financial support and acting as a reference site for innovative projects.

4. Implications

4.1 Financial implications:

Payment for purchase of shares in TES will take the form of a limited range of services provided by iCo and will not involve any financial payments. Therefore from a financial perspective the potential risks for iCo are low. iCo may receive dividends from the shares it receives plus, potentially, a share of any receipt from the sale of the company should that happen in the future which are potential benefits for iCo.

4.2 Legal Implications:

Article 3.3 of iCo's Articles of Association states that acquisition of shares in another company is a decision reserved for Islington Council as the shareholder of the company. Therefore shareholder approval is required for the purchase shares in TES as proposed in this report. 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:

iCo's work with TES on innovative projects would lead to efficiency savings that result in less overall enforcement resources. This could lead to lower carbon emissions and improvements in air quality.

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 carried out as it is not applicable in this instance. The proposed decision does not have direct implications for Islington residents. Any resident implications arising from the testing of new parking enforcement systems in Islington would need to be considered separately.

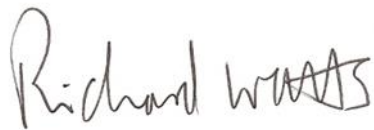
5. Reasons for the decision:

- 5.1 A shareholder agreement between iCo and TES Ltd presents financial and non-financial benefits for relatively low risk. The iCo Board recommends the acquisition of shares and the entering into of a shareholder agreement.

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 – Heads of Terms – **EXEMPT FROM PUBLICATION**
- Appendix 2 - Shareholder Resolution to be signed

Background papers:

- None

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HEADS OF TERMS – 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

WRITTEN RESOLUTION

~ OF ~

ISLINGTON LTD

COMPANY NUMBER: 05303559

WRITTEN RESOLUTION BY THE SHAREHOLDER ON THE ACQUISITION OF SHARES

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 Islington Council, as sole shareholder of Islington Ltd, approve the acquisition of shares in TES Ltd by Islington Ltd, and authorise entering into a shareholder agreement based on the appended heads of terms.

Signed:

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Date