

Meeting: Cabinet
Date: 18 November 2024
Classification: Part 1
Key Decision: No
Title of Report: Southend Care Ltd Partnership and Shareholder Agreements

Executive Director: Claire Shuter, Executive Director for Strategy & Change
Executive Councillor: Cllr Daniel Cowan, Leader

1. Executive Summary

- 1.1. In March 2024, Cabinet approved the recommendations from the independent review of two of its wholly owned companies - Southend Care Ltd and LHCS & Southend Travel Partnership Ltd (Vecteo).
- 1.2. The recommendations included a review of the governance documents.
- 1.3. A new Shareholder Agreement and updated Partnership Agreement has been developed for Southend Care Ltd. These documents are in place to protect the interests of the Council and manage the relationship between the two entities.

2. Recommendations

It is recommended that Cabinet:

- 2.1. **Approve the Shareholder Agreement and Partnership Agreement for Southend Care Ltd.**

3. Background

- 3.1. In November 2023, Southend City Council (SCC) appointed 31ten Consulting to undertake an independent review of two of its wholly owned companies; Southend Care Ltd (SCL) and LHCS & Southend Travel Partnership Ltd (known as 'Vecteo'). The outcome of the review recommended that the Council continue with the wholly owned companies but with significant changes to the governance, operational efficiency, commissioning, contract management and relationship management.
- 3.2. In March 2024 Cabinet accepted the findings of the independent reviews and approved the implementation of the proposed recommendations.

- 3.3. The recommendations included a review of the key documents underpinning the operation of the companies and the Council to ensure there is appropriate clarity over how and where decisions are taken. Two documents have been developed in response to this; a Shareholder Agreement and Partnership Agreement.
- 3.4. The Shareholder Agreement is a legally binding agreement between the Council and the Local Authority Trading Company (LATC) and will regulate how the LATC is to be managed. It defines the balance of the power between the Council as the shareholder and the LATC directors. The agreement also sets out the Reserved Matters held by the Council.
- 3.5. The Partnership Agreement is not legally binding and is the commitment of SCL and SCC to develop a long-term relationship that aims to deliver on the outcomes and on the vision of both the Council and Southend Care. The Agreement provides the vision, strategic objectives and guiding principles of the relationship. It sets the tone and spirit by which both parties will work together for mutual benefit with aligned interests. This document is an updated version of the agreement appended to contracts to SCL in 2022.
- 3.6. The Agreements will be formally reviewed annually on the anniversary (by 1 December each year) by the Board of Directors of SCL and the Cabinet or delegated body of SCC.

4. Reasons for Decisions

- 4.1. The requirement to review and update the governance documents for SCL was an outcome of the independent review of the Council's trading companies.

5. Other Options

- 5.1. The Cabinet could decide not to approve a new set of governance documents and current ways of working would continue. This option would mean the recommendation of the independent review would not be met.

6. Financial Implications

- 6.1. The financial interest of the Council will be protected through the improved definition of Reserved Matters.

7. Legal Implications

- 7.1. The Shareholder Agreement is a legal document and has been drafted by Sharpe Pritchard LLP.

8. Policy Context

8.1. None arising from this report

9. Carbon Impact

9.1. None arising from this report

10. Equalities

10.1. The Council's wholly owned companies provide services to residents with protected characteristics. Improvements to the governance and financial stability will support the companies and associated services to continue.

11. Consultation

11.1. The Board of Southend Care Ltd has been engaged in the drafting of the documents.

12. Appendices

12.1. **Appendix 1**: Shareholder Agreement

12.2. **Appendix 2**: Partnership Agreement

13. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
Executive Director(s)	Claire Shuter	27/09/2024
Deputy S151 Officer	Pete Bates	21/10/2024
Monitoring Officer	Susan Zeiss	27/09/2024
Relevant Cabinet Member	Cllr Daniel Cowan	30/09/2024