

GOVERNANCE AND AUDIT COMMITTEE TRADING ACTIVITIES SUB GROUP

MINUTES of a meeting of the Governance and Audit Committee Trading Activities Sub Group held in the Swale 2, Sessions House, County Hall, Maidstone on Wednesday, 4 July 2012.

PRESENT: Mr R L H Long, TD, Mr T Prater and Mr C T Wells

ALSO PRESENT: Mr R F Manning and Mr J D Simmonds

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr G Record (Finance and Procurement Officer), Ms N Major (Interim Head of Internal Audit), Mr N Jordan (EduKent Manager), Mr P McSweeney (EduKent Officer) and Mr A Tait (Democratic Services Officer)

UNRESTRICTED ITEMS

1. Minutes - 17 May 2010

(Item 3)

RESOLVED that the Minutes of the meeting held on 17 May 2010 are correctly recorded and that they be signed by the Chairman.

2. Protocol relating to Companies in which KCC has an interest

(Item 4)

(1) The Finance and Procurement Officer reported that he had been asked to review the existing *Protocol relating to companies in which KCC has an interest* and the more detailed accompanying *Guidance on Local Authority Companies*. The review had established that the Protocol was fit for purpose subject to some minor amendments which were contained in the body of the written report.

(2) RESOLVED that:-

- (a) the report be noted for assurance;
- (b) the proposed amendments to the Protocol be recommended to Governance and Audit Committee; and
- (c) the Protocol and Guidance be reviewed bi-annually, unless fundamental changes (for example, legislative changes) necessitate a review during the intervening period.

3. EduKent

(Item 5)

(1) The EduKent Manager provided an update on EduKent's current position and made recommendations on how best to ensure its successful and sustainable

development and growth. These included the establishment of an Edukent Board, headed by the Corporate Director for Education, Learning and Skills.

(2) The Sub-Group endorsed the suggestion made by the Corporate Director of Finance and Procurement that a Shadow Board should be established in order to draw up proposed governance arrangements and a business plan which the Sub-Group could consider in detail at a later stage.

(3) RESOLVED that:-

- (a) the report and its recommendations be noted; and
- (b) that a further report be submitted at the earliest opportunity setting out the proposed governance arrangements and a business plan for the Sub-Group's consideration.

4. KCC Limited Companies - 2011/12 Draft Results (subject to audit)

(Item 6)

(1) The Corporate Director of Finance and Procurement reported on the draft material transactions, information and results in relation to the companies that KCC had an interest in. These results were to be included in KCC's Statement of Accounts 2011/12.

(2) In response to questions from the Sub-Group Members, the Corporate Director of Finance and procurement confirmed that a report by an independent consultant on the County Council's commercial businesses would be considered by the Sub-Group at a meeting to be arranged to take place in September 2012.

(3) The Sub-Group asked for a report on East Kent Opportunities LLP to be presented to its next meeting together with a list of all the LLPs and any Joint Arrangements that are Not an Entity (JANEs) that the County Council was involved in.

(4) The Sub-Group asked for a report on dormant Kent Companies.

(5) RESOLVED that:-

- (a) the content of the report be noted for assurance;
- (b) the accurate, complete and up-to-date record of all companies in which KCC has an interest be noted together with the draft (subject to Audit) material transactions, information and results in relation to these companies - for inclusion in KCC's Statement of Accounts 2011-12; and
- (c) a report on East Kent Opportunities LLP and on Kent's dormant companies be presented to the next meeting of the Sub-Group together with a list of all LLPs and JANEs that the County Council is involved in.

5. Trading Activities/Units 2011/12 draft Results (subject to audit)

(Item 7)

(1) The Corporate Director of Finance and Procurement reported the £392.66m trading activity turnover generated across the County Council. He asked the Sub-Group to note that information on the actual cost involved in producing the turnover figures could not be isolated from core activities without undertaking a prohibitive amount of research.

(2) The Sub-Group asked for future reports on this subject to provide some analysis of financial trends; i.e. year-on-year comparative figures.

(3) RESOLVED that:-

(a) the contents of the report be noted for assurance; and

(b) the Trading Activity Results for 2011-12 be noted together with the intention to develop a more refined analysis of the costing, pricing and trends of KCC's trading activities for future reports.

EXEMPT ITEMS

(Open access to Minutes)

The Sub-Group resolved under Section 100A of the Local Government Act 1972 to exclude the public from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 2, 5 and 7 of Part 1 of Schedule 12A of the Act.

6. Update on Kent Cultural Trading (oral report)

(Item 9)

(1) The Interim Head of Internal Audit reported the ongoing investigation into the activities of Kent Cultural Trading Ltd. She explained that the Sub-Group Members needed to be aware that this work was taking place and that a full report on this matter would be presented to the Sub-Group and its parent Committee at the earliest opportunity.

(2) RESOLVED that the report be noted.