

Report subject	Tricuro Local Authority Trading Company Transfer of Shares
Meeting date	10 January 2024
Status	Public Report
Executive summary	<p>Tricuro Local Authority Trading Company provides adult social care services across the Bournemouth Christchurch and Poole area. Currently, both BCP Council and Dorset Council own shares in the company. Dorset Council withdrew their services in October 2022 and are willing to transfer their share in the company.</p> <p>This report sets out the process and seeks approval for the share transfer that will leave BCP Council as the single shareholder.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Cabinet approve the transfer of Dorset Council's share in Tricuro for the sum of £350,000.</p>
Reason for recommendations	The transfer or allocation of Tricuro shares is a reserved matter, under the Shareholder Agreement and therefore requires Cabinet approval. The result of this decision would be for BCP Council to be the single shareholder in Tricuro.

Portfolio Holder(s):	David Brown, Portfolio Holder for Health and Wellbeing
Corporate Director	Jillian Kay, Corporate Director for Wellbeing
Report Authors	Phil Hornsby, Director of Commissioning
Wards	Council-wide
Classification	For Decision

Background

1. Tricuro, the Local Authority Trading Company (LATC) originally wholly owned by the three local authorities (Borough of Poole, Bournemouth Borough Council and Dorset County Council) was launched in July 2015. The 3 councils held 100 per cent of the shares in Tricuro and retained strategic control through an Executive Shareholder Group (ESG). This group was made up of elected members from all three councils who ensured that the Councils set strategic objectives for the company, received reports on progress against the Business Plan, service and quality performance, the review of future service developments and new business opportunities.
2. The three authorities transferred several in-house services to Tricuro with transferred employees retaining their existing terms and conditions.
3. When BCP Council and Dorset Council were formed in 2019, Tricuro's shares were split equally between the two councils and both have equal numbers of elected members on the ESG. Following a decision by Dorset Council to establish a new Dorset LATC, wholly owned by themselves, the services operating in the Dorset Council geographical area were transferred to a new company, Care Dorset, on 3 October 2022.
4. Discussion between the two councils relating to the transfer of Dorset Council's share in Tricuro has been complicated by the need to agree other matters relating to the assets and liabilities of both Tricuro and Care Dorset. These have now been satisfactorily resolved and an 'in principle' agreement reached on the transfer of the Dorset Council share in the company.

Determining the value of Tricuro

5. BCP Council and Dorset Council senior officers agreed in 2022 for an independent valuation of Tricuro's assets and liabilities to be undertaken, commissioned jointly but funded by Dorset Council. The value of the company was calculated to be in the region of £2.9 million. Appendix 1 contains the confidential report.
6. As Dorset Council's withdrawal from the arrangements permanently reduced the value of the company and with the balance of risk sitting with BCP Council, it was suggested that the share value fell within a range that started at £350,000 and this should be the basis of negotiation.
7. Officers, through discussion, supported a proposed share price of £350,000 for the transfer of Dorset Council's share in Tricuro.

Options Appraisal

8. Two options have been considered in relation to the shareholding arrangements of Tricuro:
 - a. Leave current arrangements in place, with both councils retaining a share in the company. This would mean that Dorset Council could influence the strategic direction of the company, the services it provides and matters relating to the terms and conditions of Tricuro's employees.
 - b. Transfer of the share owned by Dorset Council to Tricuro, with payment by the Company of £350,000, out of the distributable profits of the Company. The transferred share would then be dissolved, leaving BCP Council as the single shareholder. The advantage of this approach means that the council does not have to use public funds for the purchase of the share. This is the recommended option.

Summary of financial implications

9. Payment by the company of £350,000, out of the distributable profits of the Company, for the purchase of the Dorset Council share is appropriate and reflects the independent valuation undertaken.
10. There are no direct financial implications for BCP Council.

Summary of legal implications

11. As a wholly owned Local Authority Trading Company, shareholder activity is reserved to the Cabinet. In the event that Cabinet approve the proposed recommendation as detailed within this report, Legal Services will support to ensure the necessary amendments to the Shareholder Agreement are made and to assist in the progress of the transfer of the share from Dorset Council to Tricuro.

Summary of human resources implications

12. There are no direct human resource implications from this report.

Summary of sustainability impact

13. There are no direct sustainability impact implications from this report.

Summary of public health implications

14. There are no direct public health implications from this report.

Summary of equality implications

- (a) There are no direct equality implications from this report.

Summary of risk assessment

15. Failure to have direct strategic control over Tricuro places the Council at risk of Dorset Council influencing the company's future direction.

Background papers

No background papers were used.

Appendices

Appendix 1 - Tricuro Asset and Liability Allocation report, November 2022. This paper is confidential, in accordance with Schedule 12A ss3 local Government Act 1972.