



Report To:	Leader
Date:	20 th March 2025
Subject:	Public Sector Partnership Services (PSPS) – Governance
Purpose:	To consider the updated Articles of Association for PSPS
Key Decision:	No
Portfolio Holder:	Leader of the Council
Report Of:	James Gilbert – Assistant Director – Corporate
Report Author:	James Gilbert – Assistant Director – Corporate
Ward(s) Affected:	None
Exempt Report:	No

Summary

In 2024 the Local Government Association undertook a Corporate Peer Challenge at Boston Borough Council. In that Peer Challenge the following recommendation was made: *'Take external advice on the PSPS Board governance to seek assurance to ensure that structures reflect good practice'*.

PSPS has taken legal advice on behalf of the Councils and that advice makes a series of recommendations that are for the founder shareholders of PSPS, East Lindsey District Council and South Holland District Council, to consider acting upon. The advice also refers to Guidance, produced by Local Partnerships, on behalf of Government, that relates to good practice for Local Authority Trading Companies (LATCo).

Following this advice, the founder shareholder Councils (ELDC and SHDC) have instructed updated Articles of Association for PSPS which have been approved by the Board of Director of PSPS on 17th March 2025.

Each shareholder Council is now required to consider the approval of the revised Articles of Association and notify PSPS within 28 days of its decision. The Council received the revised articles on 18th March, 2025. This means the Council must respond by the end of the day on the 15 April, 2025.

Recommendations

That the Leader considers the revised Articles of Association (Appendix A) and whether to respond to the Written Resolution (Appendix B) or not.

Reasons for Recommendations

To enable the Council to consider whether or not to approve the revised Articles of Association.

Other Options Considered

None.

1. Background

- 1.1 PSPS is a local authority trading company wholly owned by Boston Borough Council, East Lindsey District Council and South Holland District Council. The company is governed by Articles of Association, a Joint Venture Shareholder Agreement (JVSA) and various Service Level Agreements. The Councils are responsible for the appointment of a Board of Directors.
- 1.2 The founder shareholders, East Lindsey District Council and South Holland District Council, are responsible making decisions in relation to the varying and updating of the Company's Articles of Association.
- 1.3 The Articles have been subject to review and updated by Bevan Brittan Solicitors on behalf of the founder shareholders.

2. Report

- 2.1 Following agreement by the founder shareholders to review and update the Articles of Association, the revised articles are attached at Appendix A.
- 2.2 Company Act legislation requires the Board of Directors to initially consider the revised Articles, as instructed by the founder shareholders. This action was completed on Monday 17th March, 2025, and the Articles were approved by the Board and for circulation to the shareholders.
- 2.3 As the Board of Directors have approved the Articles, each of the three shareholders is required to consider the Articles and notify the Company of their decision.

- 2.4 Each Shareholder will have 28 days to respond to the Company (from the date of circulation). As the notice was received from PSPS on 18 March 2025, the response from the Council must be provided by the end of the day on the 15 April, 2025.
- 2.5 Each Shareholder is entitled to vote and respond to PSPS on the Written Resolution (Appendix B) which presents the updated Articles of Association. The company will require requisite shareholder percentage (75%) to adopt the new Articles.
- 2.6 The shareholder split is as follows 50.8% ELDC, 29.8% SHDC and 19.4% BBC.
- 2.7 The new Articles will be adopted as soon as the 75% threshold is reached.
- 2.8 The Leader is asked to consider whether or not to respond on behalf of the Council to the revised Articles of Association. If the decision made is to approve the Articles, the Council must return the Written Resolution within the 28 day time period. If the decision is not to approve the Articles, then no action is required.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

Legal advice has previously been obtained by the relevant parties. The Company has taken legal advice on the decision-making processes to ensure compliance with the governance arrangements between the Company and Shareholder Councils.

Data Protection

None

Financial

None

Risk Management

None

