



NOTTINGHAM CITY COUNCIL
COMPANIES GOVERNANCE EXECUTIVE SUB-COMMITTEE

Date: Tuesday, 21 January 2020

Time: 2.30 pm (or at the rising of Executive Board, whichever is the later)

Place: Ground Floor Committee Room, Loxley House, Station Street, NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Corporate Director for Strategy and Resources

Governance Officer: Mark Leavesley

Direct Dial: 0115 876 4302

AGENDA

Pages

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| 1 | APPOINTMENT OF VICE-CHAIR | |
| 2 | APOLOGIES FOR ABSENCE | |
| 3 | DECLARATIONS OF INTERESTS | |
| 4 | COMPANIES GOVERNANCE
Report of Corporate Director of Strategy and Resources | 3 - 8 |
| 5 | FUTURE MEETINGS | |

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING.

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES.

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE

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COMPANIES GOVERNANCE EXECUTIVE SUB COMMITTEE – 21 JANUARY 2020

Subject:	Company Governance
Corporate Director/Directors:	Candida Brudenell Corporate Director of Strategy and Resources Malcolm R. Townroe Director of Legal and Governance Laura Pattman Strategic Director of Finance
Portfolio Holder:	Councillor David Mellen - Leader of the Council
Report author and contact details:	Shail Shah, Head of Audit and Risk 0115 876 4245
Subject to call in: No, as the report does not contain any decisions eligible to be called in.	
Key Decision: No	
Type of expenditure: N/A	
Total value of the decision: Nil	
Wards affected: All	
Date of consultation with Portfolio Holder: 17 December 2019	
Relevant Council Plan Key Theme: Nottingham People Living in Nottingham Growing Nottingham x Respect for Nottingham Serving Nottingham Better x	
Summary of issues (including benefits to citizens/service users): This report relates to the new arrangements that have been put in place in relation to Company Governance.	
Exempt information: None	
Recommendations:	
1 To note the Terms of Reference for the Committee attached at appendix A.	
2 To consider the responsibilities of the sub-committee.	

1 REASONS FOR RECOMMENDATIONS

- 1.1 To formalise future arrangements for the governance of companies that are either wholly owned by the Council or where the Council has a controlling interest.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Executive Board on 17 December 2019 considered a report establishing this sub-committee. It was recognised that there is no “one size” fits all approach to company governance and that the Council’s engagement with each of its companies will need to be tailored to fit the individual circumstances. Since

the Terms of Reference were considered by Executive Board in December, the Leader of the Council has amended the membership to be the Leader of the Council, Portfolio Holder with responsibility for finance and three other executive councillors.

The intention is to move to a position whereby in relation to each company, the following arrangements are in place:

- a) An appropriately tailored shareholder agreement or management agreement;
- b) A board structure that can best serve the needs and requirements of the individual companies having regard to the nature and remit of the particular company in question. This may include the appointment of independent board chairs, independent members and independent industry experts;
- c) An acceptance that the final decision on director appointments will sit with the Companies Governance Executive Sub Committee who in making any appointments will consider the potential for any conflicts of interest;
- d) A suitably qualified company secretary;
- e) An expectation that existing companies will actively and demonstrably consider utilising the Council's back office services whenever and wherever possible. In relation to newly formed companies it is expected that this will happen as a matter of course;
- f) Provision of appropriate training for councillors appointed as directors to ensure that they fully understand the nature and extent of their duties and responsibilities.

2.2 The City Council controlled companies that were consolidated into Group Accounts in 2018-19 are:

- Enviroenergy Ltd,
- Nottingham City Homes Ltd,
- Nottingham City Transport Ltd,
- Nottingham Ice Centre Ltd,
- Nottingham Revenues and Benefits Ltd,
- Robin Hood Energy Ltd,
- Blueprint Limited Partnership, and
- Futures Advice, Skills and Employment Ltd

In addition, the Council bought Thomas Bow Limited during December 2019 and it is recognised that it will be consolidated into Group Accounts in 2019-20.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 None.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The arrangement proposed accords with best practice to ensure that the Council's strategic objectives are met across the group and to support the development of the Group in line with the Council's regulations and ambitions. Good governance guidance including the UK Corporate Governance Code and UK Stewardship Code recommend the above as good practice.
- 4.2 This action is also an important part of the Council's response to an external audit recommendation that it should ensure that a new group governance framework is in place.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS

- 5.1 There are no Crime and Disorder Act or Procurement implications arising out of the recommendations in this report. Any Legal implications are addressed in the body of the report.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS

- 6.1 There are no property implications arising out of the recommendations in this report.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 There are no social value considerations arising out of the recommendations in this report.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 There are no health implications arising out of the proposals in this report.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 An EIA is not required because there are no equality impacts arising out of the proposals.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 None.

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 Report to Executive Board, 17 December 2019 – Company Governance

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Companies Governance Executive Sub Committee

Purpose

To approve and oversee the Council's strategic objectives across the Nottingham City Council group of companies and to support the development of the Group in line with the Council's regulations and ambitions.

Responsibilities

- To give direction to the Authority on the vision and ambition of the Council with reference to its commercial activities;
- To review the implementation of the Council's commercial approach including its group companies in relation to the development of the companies and the group;
- To evaluate the impact of group companies and commercial activities on the achievement of the Council's strategic objectives;
- To approve group company structure proposals and other formal structures to protect the legal and commercial interests of the Council as shareholder, as identified for review in the annual work programme, and occasional urgent decisions not included in the work programme;
- To review, by exception, outcomes achieved and delivery against the Nottingham City Council company governance principles and approve measures taken to enable any deficiencies identified to be remedied;
- To take Key Decisions within its remit where appropriate.

Accountability

The Sub-Committee is accountable to Executive Board.

Frequency

The Sub-Committee will normally meet 6 times a year or at such other frequency as shall be determined.

Composition

Its membership comprises the Leader of the Council (who will act as chair), the Portfolio holder with responsibility for finance and 3 other Executive Councillors.

Standing invitations with speaking, but not voting, rights are made to the Chief Executive, the Monitoring Officer, the Strategic Director of Finance and representatives of the group companies. The Sub-Committee may invite any person it considers able to support its work to participate on a non-voting basis, either generally or in relation to specific strategies, projects and/or initiatives.

The quorum for this Committee has been fixed at 3.

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