

**Companies Governance Executive Sub Committee – 17 November 2020**

<b>Subject:</b>	Companies Financial Governance Framework
<b>Corporate Director(s)/Director(s):</b>	Laura Pattman – Strategic Director of Finance
<b>Portfolio Holder(s):</b>	Councillor Mellen, Leader of the Council
<b>Report author and contact details:</b>	Bipon Bhakri – Head of Finance – Commercial & Projects Bipon.bhakri@nottinghamcity.gov.uk
<b>Subject to call-in:</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>Key Decision:</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Criteria for Key Decision:</b>	
<b>(a)</b>	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
<b>and/or</b>	
<b>(b)</b>	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Type of expenditure:</b>	Revenue <input type="checkbox"/> Capital <input type="checkbox"/>
<b>Total value of the decision:</b>	£0
<b>Wards affected:</b>	All
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	x
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>This report provides information on the Companies Financial Governance Framework for the Council in relation to the companies that are in its group to enable It explains what poor financial governance is and discusses the use of the 3 lines of defence to enable the council undertake effective assurance of the companies financial and business position.</p> <p>The details of this report is set out in <b>Appendix A</b>.</p>	
<b>Exempt information: State 'None' or complete the following</b>	None
<b>Recommendation(s):</b>	
<b>1</b>	To note that in <b>Appendix A</b> , the principles of an Effective Group Financial Governance Framework and how it can improve the scrutiny of the group companies financial arrangements.

**1 Reasons for recommendations**

- 1.1 To provide the subcommittee with information of the companies financial governance framework.
- 1.2 For the subcommittee to understand the use of the 3 lines of defence process to enable it to strengthen its assurance and scrutiny functions.
- 1.3 This will support the development of the sub committees future work programme.

## **2 Background (including outcomes of consultation)**

- 2.1 Information has been taken from a wide range of sources, including the council's existing arrangements for their work plan schedule, the agreed set of financial and risk reporting being undertaken.
- 2.2 There has also been an external review of companies governance to enable good practice and recommendations to be included in the council's framework.
- 2.3 The information from the research undertaken, is included in the report, as per Appendix A.

## **3 Other options considered in making recommendations**

- 3.1 None

## **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 Any financial or risk implication that arises from the subsidiaries is captured within the Medium Term Financial Plan and companies risk register of the Local Authority.
- 4.2 The consolidation of the group accounts form part of the statutory accounts of the Local Authority.  
Bipon Bhakri – Head of Finance – Commercial & Projects 6/11/20

## **5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

- 5.1 None

## **6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

- 6.1 None

## **7 Social value considerations**

- 7.1 None

## **8 Regard to the NHS Constitution**

- 8.1 None

## **9 Equality Impact Assessment (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

x

An EIA is not required because: no decisions are being taken that will impact/change delivery of council services for our citizens  
(Please explain why an EIA is not necessary)

Yes

**10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

None

**11 Published documents referred to in this report**

11.1 UK Corporate Governance Code, 2018

11.2 Deloitte, Governance of Subsidiaries – a survey of global companies, 2013

11.3 PWC, Governance reform and the impact on corporate reporting, 2020

11.4 PWC, ESG in the boardroom: What directors need to know, 2020

11.5 PWC Briefing, The importance of strong financial governance, 2017

N/A