

**Companies Governance Executive Committee – 22 March 2022**

<b>Subject:</b>	Establishment of the Shareholder Unit		
<b>Corporate Director(s)/ Director(s):</b>	Clive Heaphy – Corporate Director Finance & Resources		
<b>Portfolio Holder(s):</b>	Cllr Mellen – Leader Cllr Webster – Finance & Resources		
<b>Report author and contact details:</b>	Ceri Walters – Head of Commercial and Transformation Finance		
<b>Other colleagues who have provided input:</b>	Dionne Scream – Senior Solicitor Contracts and Commercial Paul Slater – HR Business Lead		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b>
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Reasons:</b>	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £750,000 or more
taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
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>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
If Capital, provide the date considered by Capital Board	Date:		
<b>Total value of the decision:</b>	Nil		
<b>Wards affected:</b>	All		
<b>Date of consultation with Portfolio Holder(s):</b>	10 March 2022		
<b>Relevant Council Plan Key Outcome:</b>			
Clean and Connected Communities		<input type="checkbox"/>	
Keeping Nottingham Working		<input type="checkbox"/>	
Carbon Neutral by 2028		<input type="checkbox"/>	
Safer Nottingham		<input type="checkbox"/>	
Child-Friendly Nottingham		<input type="checkbox"/>	
Healthy and Inclusive		<input type="checkbox"/>	
Keeping Nottingham Moving		<input type="checkbox"/>	
Improve the City Centre		<input type="checkbox"/>	
Better Housing		<input type="checkbox"/>	
Financial Stability		<input checked="" type="checkbox"/>	
Serving People Well		<input type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report is to provide an update on the establishment of a Shareholder Unit that will undertake the operational activities required to support the Companies Governance Executive Committee and aligns to the Together for Nottingham Plan and the requirements of the Non-Statutory Review.			
<b>Exempt information: State 'None' or complete the following</b>	None		
<b>Recommendation(s):</b>			
<b>1</b>	To note the progress in the establishment of the Shareholder Unit.		
<b>2</b>	To provide any views in association with the development of the Shareholder Unit.		
<b>3</b>	To note the approval for costs, associated with the establishment of the Shareholder Unit, have been undertaken through a separate process.		

## 1. **Reasons for recommendations**

1.1 To ensure that the views of the Companies Governance Executive Committee (CGEC) are captured in the establishment of the Shareholder Unit.

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

2.1 The establishment of the Shareholder Unit is a requirement of the Together for Nottingham Plan which is based on the recommendations of the Non Statutory Review. It is also deemed good practice.

2.2 This dedicated unit of resource will ensure that the:

- a) Council has a better grip and understanding of its companies and can provide the levels of assurance needed to a Shareholder.
- b) Council understands the interests held within other organisations.
- c) Statutory officers have the level of support needed to ensure that the good governance of the Council is also applied to its companies and
- d) Policy and direction of the companies aligns to that of the Council's.

2.3 The code of practice for Local Authority Companies is set out by Lawyers in Local Government advices that a Shareholder Executive is created to achieve an overview and scrutiny function of the Councils interests and companies.

The Shareholder Executive is made up of 2 elements:

- A shareholder Group/Board – this is the Companies Governance Executive Committee and
- A Shareholder Unit - the roles, responsibilities and outputs of the SU will be finalised over the coming weeks to ensure these are captured and will incorporate consultation with the Improvement and Assurance Board.

If constitutional changes are required to capture the new governance structure this will be undertaken through the appropriate process.

2.4 A unit is currently operating using temporary resource however to ensure sustainability a permanent team will be created that will deliver and embed the revised governance practices and ensure continual development.

The Shareholder Unit will consist of finance, compliance and legal support estimated, based on market conditions, at c. £0.230m per annum.

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

3.1 None, this a key action in the Together for Nottingham plan and also is defined as good practice.

## 4. **Consideration of Risk**

4.1 The key risks associated with the establishment of the Shareholder Unit are:

- a. Recruitment – due to the current market conditions recruitment may not be possible within the grading of the resources.

Mitigation actions through the availability of interim resource whilst recruitment continues.

- b. Insufficient resource – team size is insufficient to administer the required workload.

Mitigation will be through rigorous monitoring of the team's functions and outputs, acting at pace if additional resource is required either on a permanent or interim basis.

- c. Leadership - leadership of the team is not clear and experience amongst the team is not specialised enough to diagnose issues.

Mitigation could be from the procurement of external support on a routine or adhoc basis.

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

- 5.1 The options for the funding of this team are required to mirror the prioritisation and sustainability of this function and also link to the budget principles adopted in the Medium Term Financial Strategy.
- 5.2 To enable the recruitment to progress a separate approval has been undertaken for the allocation of funding approved by the Portfolio Holder for Finance & Resources.
- 5.3 In summary the funding of this decision will be as follows:
  - a. 2022/23 – 2021/22 unbudgeted dividends that are received from those companies that are permitted to distribute and/or resilience reserve.
  - b. 2023/24 – Mainstream budget to be allocated to embed SU permanency however this may be reduced on an annual review basis utilising any previous year dividends received by the Council from those companies permitted to distribute.

Ceri Walters

Head of Commercial Finance & Transformation Finance

14 March 2022

## 6. **Legal colleague comments**

- 6.1 The establishment of a Shareholder Unit/board was a recommendation from the Public Interest Report and has been captured as a key deliverable under the Together for Nottingham Plan.
- 6.2 Legal services will support in terms of identifying the appropriate resources and roles required with the Unit and how it will operate alongside other associated services within the Council.
- 6.3 Approvals for the associated spend and recruitment will be sought separately in accordance with the Council's Constitutional requirements.

Dionne Screaton

**7. Other relevant comments - HR**

- 7.1 The proposal and new unit is to be resourced with dedicated roles to provide specialist advice and guidance in relation to financial, governance and legal matters.
- 7.2 All roles have been established, including their pay grading, in line with the Council's Pay Policy principles. The posts will be established with a link back to their specialist areas to ensure that training and best practice is embedded in the roles.

Paul Slater  
HR Business Lead  
14 March 2022

**8. Crime and Disorder Implications (If Applicable)**

- 8.1 Not applicable

**9. Social value considerations (If Applicable)**

- 9.1 Not applicable

**10. Regard to the NHS Constitution (If Applicable)**

- 10.1 Not applicable

**11. Equality Impact Assessment (EIA)**

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

No   
An EIA is not required because there are no implications from the establishment of this unit.

Yes

**12. Data Protection Impact Assessment (DPIA)**

- 12.1 Has the data protection impact of the proposals in this report been assessed?

No   
A DPIA is not required because as employees of the council data access will form part of their contract of employment.

Yes

**13. Carbon Impact Assessment (CIA)**

- 13.1 Has the carbon impact of the proposals in this report been assessed?

No

Yes

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

14.1 Not applicable

**15. Published documents referred to in this report**

15.1 21 December 2021 – Refresh of the Nottingham City Council Recovery and Improvement Plan