

Audit Committee – 30 June 2023

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| Title of paper: | Progress report – delivering IAB instructions relating to TfN Theme Three | |
| Director(s)/ Corporate Director(s): | Ross Brown, Corporate Director for Finance and Resources Michael Hainge, Director for Commercial, Procurement and Contract Management | Wards affected: All |
| Report author(s) and contact details: | Michael.Hainge@nottinghamcity.gov.uk | |
| Other colleagues who have provided input: | | |
| Does this report contain any information that is exempt from publication? No | | |
| Recommendation(s): | | |
| 1. | To note the report | |
| 2. | | |
| 3. | | |
| 4. | | |

1. **Reasons for recommendations**

1.1 To note the progress being made

2. **Background**

2.1 Implementing the IAB instructions relating to Theme three of the TfN plan are fundamental to providing appropriate levels of control, assurance and oversight to companies owned by NCC. This report provides a high-level update on progress to date.

3. **Background papers other than published works or those disclosing exempt or confidential information**

3.1 None

4. **Published documents referred to in compiling this report**

Companies Governance Handbook

5. **Progress against delivering IAB instructions related to TfN Theme three**

The IAB requirements and progress updates are as follows:

5.1 Finalise the Strategic Plans of local authority companies expeditiously

- In line with the Companies Governance Handbook Strategic Reviews must be carried out at a frequency determined by the Commercial Director
- The Head of Companies and Commercial Oversight is planning the Strategic Reviews and will identify resources necessary to do so (including external resource if necessary) and optimise timing around the Business planning process
- This will be completed by the 31st of March 2024 deadline

5.2 Integrate Shareholder Unit good practice in all company activity

- The Companies Governance Handbook was agreed in November 2022 and the obligations placed on the Council Owned Entities were a new requirement at that time
- Out of 42 requirements across six companies, only four requirements will be outstanding at the 30th of June deadline.
- These four requirements are in progress and will be completed shortly after the deadline.

5.3 Implement agreed companies' governance requirements, in alignment with the LLG Code of Practice

- The policy and process for board appointments has, however, been agreed by the Executive and is being implemented
- Councillor board members and the Chairs of each board have been informed of the new arrangements
- A recruitment process is underway and aims to report to the July meeting of Companies Governance Executive Committee with recommendations for appointment to the boards

5.4 Take decisions on the Council's future interests in all subsidiaries / non subsidiary companies and other commercial ventures

- We have included a wider range of organisations in scope to include those that the council have representation at board level, as a trustee or to which grant funding is provided
- Recommendations for each of the 40 entities fit into one of five definitions (see below)
- The recommendations will be taken to Companies Governance Executive Committee for approval in July

| Definition | Meaning |
|------------------------------|--|
| Full Handbook | All aspects of the handbook are applied. Recommended for companies where NCC has controlling interest |
| Informed and Involved | Companies where NCC may not have ownership, or has a minority ownership, but appoints representatives. As a minimum company financial, risk and performance information should be received and collated and monitored. Notices of Board decisions to be recorded and voting decisions of NCC |

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| | representatives. NCC to assess directors' competencies and conflicts before nominating. |
| Informed | No ownership, or representatives, but a strong association eg provision of grants. Notices of board decisions to be collated and monitored, quarterly monitoring of financial performance. |
| Monitor liquidation | NCC nominated contact to engage with liquidators and escalate information within NCC as required |
| Plan Closure | Dormant non trading entities which NCC owns to be closed and removed from the register. NCC to appoint directors, applying conflicts and competency assessment |

5.5 Carry out an internal evaluation of the shareholder unit effectiveness

- The Companies Governance Handbook sets out the criteria that will be used to carry out the evaluation
- Given the unstable staffing in place – only one permanent member of staff out of five – the evaluation may wish to include recommendations to stabilise and regularise staffing
- The evaluation will be carried out by the 30th September deadline

