

## Audit Committee – 24 November 2023

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|---|---|----------------------------|
| <b>Title of paper:</b>  | IAB Instructions: Companies   |                            |
| <b>Director(s)/<br/>Corporate Director(s):</b>                                      | Ross Brown, Corporate Director of Finance and Resources   | <b>Wards affected:</b> All |
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| <b>Other colleagues who have provided input:</b>                                    | Jiayue Wang, Companies Governance Compliance Officer<br><a href="mailto:jiayue.wang@nottinghamcity.gov.uk">jiayue.wang@nottinghamcity.gov.uk</a>              |                            |
| <b>Does this report contain any information that is exempt from publication?</b> No |   |                            |
| <b>Recommendation(s):</b>   |   |                            |
| 1.  | To note the contents of this report.  |                            |

### 1. Reasons for recommendations

- 1.1 The IAB has issued several instructions that relate to companies the Council owns or is involved with. The aim of the instructions is to ensure there are appropriate levels of control, assurance, and oversight of Council owned entities.
- 1.2 This report provides an update on progress to date and next steps.

### 2. Background

- 2.1 The IAB has issued several instructions that relate to companies the Council owns or is involved with. Instructions have been issued requiring the Council to:
- Align the Council's conflicts of interest requirements with the Lawyers in Local Government Code – deadline 31 May 2023
  - Integrate Shareholder Unit good practice in all company activity – deadline 30 June 2023
  - Decide on the Council's future interests in all subsidiaries and other commercial ventures – deadline 31 July 2023
  - Carry out an internal evaluation of the shareholder unit effectiveness – deadline 30 September 2023
  - Finalise the strategic plans of local authority companies expeditiously - deadline 31 March 2024

### 3. Progress on IAB instructions relating to companies

- 3.1 The table below show progress and next steps in relation to the IAB instructions for companies and a RAG status for each instruction.

| IAB Instruction  | Comments   | Date Completed / RAG status |
|--|--|-----------------------------|
| Align the Council's conflicts of interest requirements with the Lawyers in Local | A new policy and process for board appointments was agreed by the Executive at the end of May. It envisaged appointments being | 31 May 2023                 |

| IAB Instruction  | Comments   | Date Completed / RAG status   |
|--|--|---|
| Government Code – deadline 31 May 2023   | <p>made in July, but the process has taken longer than that.</p> <p>Appointments have been approved to the boards of Nottingham City Homes Limited, Nottingham Ice Centre Limited, and Nottingham City Transport Limited.</p> <p>The recruitment process for Blueprint (General Partner) Limited, Futures Advice, Skills and Employment Limited, and a further process for Nottingham City Transport Limited will commence shortly.</p>  | <p>17 October 2023</p> <p>Appointments expected by end of calendar year</p> |
| Integrate Shareholder Unit good practice in all company activity – deadline 30 June 2023                           | The Companies Governance Handbook was agreed in November 2022 and out of 42 requirements across six companies, only four requirements remained outstanding by the deadline. The outstanding issues have either been completed or can be explained, on a comply or explain basis, per the Handbook.   | 30 June 2023  |
| Decide on the Council's future interests in all subsidiaries and other commercial ventures – deadline 31 July 2023 | <p>At its meeting in July, CGEC considered and approved recommendations across a wide range of organisations, including Council owned entities, organisations where the Council is represented at board level, as a trustee or where grant funding is provided.</p> <p>The Shareholder Unit is in the process of implementing the decisions made by CGEC. We expect actions in relation to the top two categories to be implemented by the end of the calendar year, with the remainder complete by the end of the financial year.</p> | 18 July 2023  |
| Carry out an internal evaluation of the shareholder unit effectiveness – deadline 30                               | An internal review was completed and reported to the Corporate Director of Finance and Resources before the deadline. The review   | 26 September 2023   |

| IAB Instruction  | Comments  | Date Completed / RAG status                                    |
|--|---|--|
| September 2023   | <p>evaluated the effectiveness of the Shareholder Unit by reference to the criteria set out in the Companies Governance Handbook.</p> <p>The review concluded that solid progress has been made towards establishing good practice in COEs. An action plan is being implemented to build on those foundations and embed the changes that have been introduced.</p>  |  |
| Finalise the strategic plans of local authority companies expeditiously - deadline 31 March 2024 | <p>The Companies Governance Handbook sets out the framework for conducting strategic reviews of Council owned companies.</p> <p>The Shareholder Unit is currently working with each company to establish the data it needs them to provide to inform the review. Consideration is also being given to the need for external resources and how best to integrate the strategic review process with business planning and the CGEC forward work plan.</p> | The work will be completed by the 31st of March 2024 deadline. |

- 3.2 All the deadlines set out in the above IAB instructions have been meet, including the instruction to align the conflicts of interest requirements on a strict interpretation of the instruction. That instruction's RAG status has, however, been marked as amber as implementing the policy has taken longer than originally envisaged.
- 3.3 In conclusion, good progress has been made on the IAB instructions relating to companies. Work continues to build on the strong foundations that have been laid to ensure that the changes that have been introduced get embedded.
4. **Background papers other than published works or those disclosing exempt or confidential information**
- 4.1 None.
5. **Published documents referred to in compiling this report**
- 5.1 Companies Governance Handbook.