

[COMPANY LOGO]

# **DRAFT** GOVERNANCE FRAMEWORK FOR \_\_\_\_\_ LIMITED

Registered number: XXXX

Registered Office: Number One Bickerstaffe Square, Talbot Road, Blackpool, FY1 3AH

Approved by the Shareholder Committee:

Updated:

## Contents

	Page(s)
Foreword	1
<b>Section One – Board Members</b>	
Part A: Board directors – roles and obligations	2 to 4
Part B: Recruitment, training and development	5 to 7
<b>Section Two – Company Governance Structures and Delegated Matters</b>	
Part A: The Board, Chair and Managing Director	8 to 11
Part B: Employment Committee (senior managers)	12
Part C: Audit and Risk Committee	13
Part D: The Governance Year	14
<b>Section Three – Management of risk</b>	15 to 17
<b>Section Four – The Shareholder, Relations with the Shareholder and Reserved Matters</b>	
Part A: The Blackpool Council group of companies	18 to 19
Part B: Company obligations	19 to 20
Part C: Shareholder roles – Shareholder Committee, Executive lead, Council officers	20 to 22
<b>Section Five – Officers of the Company</b>	23 to 24

# Foreword

Good governance is at the heart of any successful organisation and the foundation of good governance is a balanced, diverse and effective board which leads and controls the organisation and ensures compliance with its legal requirements. Good governance is business-critical for the performance of companies and it is of utmost importance to have the right people with the right skills who work together with the right team culture. The function of good governance in relation to [Company Ltd] is to ensure that it acts in the public interest and has a shared vision and values with its parent, Blackpool Council. Acting in the public interest requires:

- a strong commitment to integrity, ethical values and the rule of law and
- openness and stakeholder engagement.

These arrangements have been developed to provide a framework to ensure that the company fulfils its legal and regulatory requirements and meets the above good governance principles. It also sets out the rights of the Council in its role as shareholder.

The document is based on good practice set out in:

- UK Corporate Governance Code 2018, produced by the Financial Reporting Council
  - the Local Authority Company Review Guidance produced by Local Partnerships LLP, 2021
  - the National Housing Federation (NHF) Code of Governance, 2020
- along with other good practice documents and has been developed collaboratively with input from company Audit Chairs and Board representatives, company Managing Directors and finance directors and key advisers to the Blackpool Council company group.

The document has been approved by the Shareholder Committee and endorsed by boards across the wholly owned group.

[Signature]

Mark Towers  
Group Company Secretary

# SECTION ONE: BOARD MEMBERS

Updated:

## Part A: Board directors – roles and obligations

## Part B: Recruitment, training and development

### PART A: BOARD MEMBERS – ROLES AND OBLIGATIONS

#### Board tenure and terms of office

- 1.1 Non-executive directors (NEDs) will be appointed for an initial 12 months which, upon satisfactory review, will be extended by an additional two years up to an overall three years. NEDs can then apply for a further three year term of office. All appointments are made by the Council in its role as shareholder.
- 1.2 There may be exceptional circumstances whereby the tenure of a non-executive director is extended by plus one year by the shareholder beyond the six year maximum. Each individual case would be decided on its own merits and in exceptional cases only. A non-executive director in any event should serve no longer than nine years on a company board.<sup>1</sup>
- 1.3 From time to time non-executive directors may sit on more than one board within the Blackpool Council Group, although every appointment on each board is separate and will be subject to clauses 1.1 and 1.2. There is a separate policy for non-executive directors on managing conflict from directorship of more than one Council-owned company and other organisations within the same sector outside of the Council group.
- 1.4 When a councillor appointed as a non-executive director, ceases to be a councillor whether that be by resignation, losing their seat at an election or by disqualification from office, then they will also automatically cease to be a non-executive director.

#### Board composition

- 1.5 The board shall consist of a number of Council-appointed and independently-recruited directors, usually in the majority.

---

<sup>1</sup> UK Corporate Governance Code

## **Role of non-executive directors**

- 1.6 The non-executive director role<sup>2</sup> is to:
- contribute to strategy: non-executives bring a range of perspectives to strategy development
  - take strategic decisions on behalf of the company (or where appropriate agree delegation arrangements for decisions to be taken by the company's senior management)
  - hold senior management to account for company performance, including through purposeful challenge and scrutiny
  - be discriminating about getting involved in matters of operational detail for which responsibility is delegated to senior management and levels below that.
- 1.7 A separate role profile has been developed which contains full details of the responsibilities of non-executive directors.

## **Obligations of non-executive directors**

- 1.8 Non-executive directors will be expected to sign an agreement relating to their appointment and any breach of this agreement could lead to a termination of appointment.
- 1.9 Non-executive directors will also have to abide by a code of conduct<sup>3</sup> which will apply across the Council's company group and any breach of this could lead to a termination of appointment.
- 1.10 Each company also has a policy for the registration and declaration of interests and all non-executive directors are asked to complete this on appointment and also as soon as possible should an interest change or a new interest occur and in any case, within 28 calendar days of this happening.
- 1.11 Each company also has a policy for the giving, receipt and recording of gifts, hospitality and other benefits by non-executive directors and all non-executive directors are expected to abide by this policy.
- 1.12 No-one can remain a non-executive director, a committee member or co-optee, at any time if they been absent from three consecutive meetings of the board or committee (as the case may be) in one rolling twelve month period without special leave of absence from the Shareholder.
- 1.13 With regard to non-executive director disputes, each company has a policy setting out how disputes and grievances involving members of the board can be raised and are responded to.

---

<sup>2</sup> Taken from the Role profile for the Blackpool companies NEDs

<sup>3</sup> Based on the Cabinet Office Code of Conduct for Board Members of Public Bodies

- 1.14 A councillor appointed as a non-executive director, must not be a party to making a decision of the Council affecting the company, but may proffer evidence or advice to the Council on the company's behalf when invited to do so<sup>4</sup>.
- 1.15 The Elected Member's Code of Conduct does apply to a Councillor's activity as a non-executive director, with the only exception being where it directly conflicts with the interests of the company.<sup>5</sup>
- 1.16 The only monies or other remuneration to be received by a councillor in connection with their role as a non-executive director will be either as a special responsibility allowance (SRA) given by the Council as a SRA in the Members' Allowances Scheme, or an amount equivalent to that Allowance paid by the company to the councillor. Any expenses claimed such as subsistence and travelling shall also not be any greater than that set out in the Members' Allowances scheme.<sup>6</sup>

### **Board positions**

- 1.17 The chair of the board shall at all times be appointed by the Council in its role as shareholder. When the chair is absent, the board will agree a chair for the meeting.
- 1.18 The chair of the audit committee is a non-executive director who would normally be expected to have financial, audit or governance experience<sup>7</sup>.
- 1.19 The chair of the board shall not chair nor be a member of the audit committee<sup>8</sup> although on occasion may be invited to attend audit committee meetings. They should not however attend as a 'shadow audit committee member'.
- 1.20 The chair of the board shall not chair the employment committee (senior management)<sup>9</sup> although would usually form part of its membership. The committee chair should be a non-executive director who has not been involved in the appraisal process to provide independent oversight and ensure that the Committee receives assurance that the process has been conducted fairly.

### **Private meetings of non-executive directors<sup>10</sup>**

- 1.21 In order to carry out the role of non-executive director, it is good practice for non-executive directors to meet in private along with the company secretary, separate from executive management. This is usually ahead of board meetings and can help with the role of challenge and holding to account.

---

<sup>4</sup> Lawyers in Local Government Code of Practice - the Governance of Council Interests in Companies

<sup>5</sup> Lawyers in Local Government Code of Practice - the Governance of Council Interests in Companies

<sup>6</sup> Article 5 of the Local Government (Companies) Order 1995

<sup>7</sup> UK Corporate Governance Code, NHF Code of Governance

<sup>8</sup> UK Corporate Governance Code

<sup>9</sup> NHF Code of Governance

<sup>10</sup> UK Corporate Governance Code, NHF Code of Governance

- 1.22 On an annual basis, there should be a private formal meeting of audit committee members with the external auditor – this would normally be at the time that the year-end financial statements are produced.
- 1.23 There should also be a private meeting with the internal auditor – this may be for example at the time when the internal audit plan is being developed.

## **PART B: Recruitment, training and development**

### **Recruitment**

- 1.24 Blackpool Council as shareholder makes appointments to the board in line with the articles of association and the governance framework.
- 1.25 Appointments to non-executive director positions should be based on the considered view of the skills and attributes required to discharge the functions of the company. This is a function of the shareholder and will normally involve the company secretary supporting the shareholder lead officer and would involve the Chair of the Board.
- 1.26 To assist in identifying the most appropriate individuals for appointment to the Board and its committees, there are role profiles for the roles of chair, non-executive director, chair of the audit committee and chair of employment committee (senior management).
- 1.27 Wherever possible the shareholder will look to address areas of under-representation and inclusion in its recruitment in order to ensure diversity across the composition of the Board.

### **Non-executive director recruitment procedure**

- 1.28 The company secretary will arrange with shareholder the recruitment process for non-executive directors.
- 1.29 When a vacancy on a Board arises or is expected to arise due to the retirement of a NED who is approaching the end of their appointed term of office or maximum term of office or where a resignation occurs, a skills gap analysis will be undertaken involving the Chair of the Board, Company Secretary and Council's HR Adviser to the Board.
- 1.30 Potential new non-executive directors will be sought through advertising in relevant publications, newspapers and on social media. In some circumstances, the shareholder may make direct appointments to the board.
- 1.31 Applications for non-executive director roles identified as 'independent'<sup>11</sup> will only be accepted for candidates aged 18 and over. Applicants must not be or have not been in the past five years, a member or employee of Blackpool Council or any of its wholly-owned companies. In addition,

---

<sup>11</sup> UK Corporate Governance Code independence criteria

applicants should not be an active member of any political party, or have a role or profile in relation to any political activities.

- 1.32 The shareholder may decide to recruit a non-executive director ahead of any vacancy in office in order to assist with transition and handover.
- 1.33 The shareholder reserves the right to appoint (and remove) non-executive directors directly to the Board.

### **Board member induction**

- 1.34 The induction process should provide information on the role and responsibilities of the board as well as tailored information for each individual non-executive director to equip them with information to help them carry out their role efficiently and effectively.
- 1.35 Part of the induction process may involve attending sessions with other newly appointed non-executive directors from other Council owned companies.
- 1.36 Non-executive directors will also be provided with a range of documents when joining the company including the company's articles of association, governance framework, business plan, the most recent set of accounts filed and minutes of the meetings from the previous 12 months.

### **Training and development**

- 1.37 Non-executive directors have both an individual and collective responsibility to ensure that they have the right skills to carry out their duties.
- 1.38 A training and development programme is in place based on an analysis of the needs of individuals and the board as a whole to ensure that individuals remain up to date and continue to add value to the work of the board.
- 1.39 The Board will encourage training both to develop personal skills and to broaden knowledge and understanding of all areas of the company and council's wider vision for Blackpool.
- 1.40 It is expected that all non-executive directors attend a minimum level of training which includes:<sup>12</sup>
  - legal duties set out on the Companies Act 2006 and roles / responsibilities including those under the Bribery Act 2010
  - financial training (including the Insolvency Act 1986)
  - information governance and GDPR
  - health and safety
  - Modern Slavery Act 2015
  - any training for positions they have been appointed to (eg audit committee training)

---

<sup>12</sup> Local Authority Company Review Guidance

- 1.41 It is the individual responsibility of non-executive directors to ensure that they update their skills and participate in the training provided and to take responsibility for their own personal development.
- 1.42 Every attempt will be made to make training as accessible as possible, however, failure to attend appropriate training and development sessions will be addressed in accordance with the Board Member Agreement and the Code of Conduct and taken into account in the appraisal review.
- 1.43 Where a non-executive director does not meet the skills profile, this will be addressed through training and through recruiting board members with the relevant skills, or procuring specialist advice as required on relevant topics.

### Appraisal

- 1.44 Each non-executive director should have an annual appraisal, led by the Chair of the Board and supported by the group HR adviser, to help inform the renewal of the term of office and skills planning process.<sup>13</sup>
- 1.45 The Shareholder lead member will conduct appraisals for company Chairs.

Section One - Associated Governance Documents		
Document	Date of last review	Next review due
Non Executive Director Agreement		
Code of Conduct		
Conflict of interest policy (including Registration and Declaration of Interests, Gifts and Hospitality)		
Non-Executive Director Disputes Policy		
Chair of the Board – Role Description		
Non-Executive Director – Role Description		
Audit Committee Chair – Role Description		
Employment Committee – Role Description		

<sup>13</sup> UK Corporate Governance Code

# SECTION TWO: COMPANY GOVERNANCE STRUCTURES AND DELEGATED MATTERS

Updated:

**Part A: The Board, Chair and Managing Director**

**Part B: Employment Committee (senior managers)**

**Part C: Audit and Risk Committee**

**Part D: The Governance Year**

## PART A – THE BOARD, CHAIR AND MANAGING DIRECTOR

### Introduction

- 2.1 The Board has the powers and duties set out below – please note that this is not an exhaustive list and this document should be read in conjunction with the articles of association.
- 2.2 Any reports to the board should be in written form, where possible using the report template available, with evidenced assurance to accompany any items/proposals.

#### **Matters reserved to the Board**

##### Business focus

- Setting and ensuring compliance with the values, vision, mission and strategic objectives of the company, ensuring its long term success
- The agreement of the company's strategic plan and/or business plan and monitoring of the plan during the year
- Long term development or expansion of the company not otherwise covered in the Business Plan generating value for the shareholder and contributing to the wider community.

(The above to be done in conjunction with the shareholder and with both there is an expectation that members of the Board will be involved in the initial drafting/ outline of the plan).

- Establishing a culture that is positive, focused on the needs of the current and future residents, other customers and key stakeholders and embeds equality, diversity and inclusion in the company
- Ensuring the company operates effectively, efficiently and economically
- Approval of the overall policy framework and approval of the company's main policies and strategies including those required by the Shareholder
- The agreement of any annual promotional or marketing plans or strategies for the company
- Approval of the strategic risk register
- Establishing and overseeing control and risk management frameworks in order to safeguard the assets, compliance and reputation of the company
- Performance management/ service standard monitoring on a quarterly basis
- Establishing, overseeing and regularly reviewing a framework of delegation to committees and staff
- Providing oversight, support and direction, constructive challenge and holding to account of the company's Managing Director and other senior management in undertaking their duties
- Significant operational issues that would have a long term impact or reputational impact on the company
- Any legislative or policy changes that would have significant impact on the delivery of services

**The following areas must also be agreed in conjunction with the Council as shareholder:**

- The agreement (or change to) any trading name/ mark or logo/ branding of the company
- The naming of any public realm (highways, streets, street furniture, vehicles, buildings, parts of buildings etc)

Finance

- The setting of the annual budget
- Payment of any dividend (or interim dividend)
- Any setting or review of fees and charges for service users
- Approval of the year-end financial statements and any associated returns
- Any expenditure over £100,000, not clearly specified in the agreed budget
- Any other expenditure reserved for the board in line with the financial delegation scheme
- Any other contracts entered into on behalf of the company over a value of tender threshold set in their contract procedure rules or UK procurement rules whichever is the lowest figure (details required to include goods, supplies or services acquired, name of supplier, location of supplier and contract value)
- The commissioning of any consultants to undertake work on behalf of the company, where the cost of such appointment is £25,000 or over
- Any loans entered into on behalf of the company or change to borrowing limits or repayment terms
- Management accounts at each meeting setting out the current position of the budget, the projected year end outturn and forecast cashflow to the end of the financial year.

#### Health and Safety

- An update on the company's health and safety activities including trends, policies and overall training
- The approval of the company's health and safety policies
- Strategic overview of incidents for each quarter, categorised into incidents and 'near misses' with serious issues reported on an individual basis at each meeting
- Any health and safety matters requiring to be reported to an external body eg Health and Safety Executive or under specific legislative requirements RIDDOR incidents etc
- The outcome of external inspections and recommended actions

#### Human Resources

- Agreement of the company's Workforce Strategy
- The appointment and level of payment of senior officers to the company including the Managing Director and senior managers who report to the board appointed to the Board in conjunction with the shareholder
- Details of proposed pay award for the workforce (Dec/Jan) and final pay offer (Feb/March) (in conjunction with the Council's Director of Resources).

#### Governance

- Feedback to the shareholder on any recommendations to change the articles of association
- Details of any legal proceedings against the company and outcome of any action
- To take any actions reserved for any committees appointed by the board

#### Acquisitions – if appropriate

- [company specific matters]

#### Shareholder liaison

- Updates of any meetings held with the shareholder since the last meeting
- Matters to be discussed with the shareholder

#### **Matters reserved to the Chair of the Board for decision**

- Authentication of documents as required
- Setting of objectives and undertaking appraisal of the Managing Director
- Any urgent matters that cannot be decided upon by board written resolution or at a Board meeting (the Chair to liaise with the Company Secretary and also report back at the next Board meeting on actions taken and rationale) – only to be used in exceptional circumstances due to time constraints.

#### **Matters requiring notification to and approval of the Chair**

- Notification of any instances where senior management is required to be held to account by an external inspector
- Notification of any legal action against the company
- Notification as far as practicable, any occasion where senior management is to speak in their capacity to the press/ media

- Notification, at the earliest opportunity to the Chair and as appropriate the shareholder of any 'headline' news
- Approval of any instances where the senior management/ senior representatives have to leave the UK (visits, exhibitions, conferences etc) or take significant periods of absence from the workplace for work related reasons (sickness, annual leave etc)
- Notification of key regulatory and health and safety concerns
- [company specific info on acquisitions]

**Matters delegated to the Managing Director and then to be reported to the board for information**

- Any contracts entered into of a lower value than that reserved for the board
- Updates on ongoing discussions with Trade Unions or any other disputes / claims made against the company
- [company specific on acquisitions, execution of deeds]

DRAFT

## PART B: EMPLOYMENT COMMITTEE (SENIOR MANAGEMENT)

### **Purpose**

To deal with employment matters relating to the Managing Director and the senior managers accountable to the Board and to make recommendations to the board, where appropriate. For this company the senior management accountable to the Board are:

- [individual company details to be added]

### **Membership**

Representative board members (up to five) plus a shareholder representative (as appropriate). The quorum for such a meeting would be two members. The chair of the board can be a member of this committee but should not chair it. The meetings would be supported by the company secretary and HR support would normally be provided from the Council.

### **Responsibilities**

- To make recommendations to the board on the appointment of the Managing Director of the company and senior management \*
- To make recommendations to the board on decisions relating to the conditions and terms of service, pay, arrangements and salary levels affecting the Managing Director of the company and senior management \*
- To deal with grievance and disciplinary allegations relating to the Managing Director and senior management in line with the Senior Management Disciplinary and Grievance Roles and Responsibilities, as agreed by the Board\*
- To deal with redundancy processes and appeals in respect of senior management positions\*
- To determine performance related salary progression/pay for the Managing Director and senior management informed by feedback from the annual appraisal
- To develop a succession plan for senior management\*
- To make recommendations to the Board on the approval of the company's HR policies

\*Would require the approval of the shareholder either in writing or by representation at relevant meetings.

### **Frequency of meetings**

It is anticipated that the committee would meet at least once a year to make recommendations on the remuneration of the Managing Director and senior management and as necessary in relation to appointments and other issues.

## PART C: AUDIT COMMITTEE

### **Purpose**

To provide oversight of the audit process and the system of internal controls and compliance with law, regulations, the company's policies and procedures.

### **Membership**

Four representative board members. It would normally be expected that the chair of the committee would have a financial, audit or governance experience and not be the chair of the Board. The chair of the board will not be a member of the committee although may on occasion be invited to the committee. The quorum for the meeting to be two board members.

### **Responsibilities**

- The review of a Strategic Risk Register for recommendation to the board, which details the risks which would prevent the organisation meeting its objectives. This should include regular progress reports on mitigating controls, which have been implemented and new and emerging risks faced by the organisation
- To receive and consider the year-end financial statements and any associated returns with appropriate recommendations to the Board
- To receive and consider internal audit reports and approve the annual audit programme
- To receive and consider external audit reports
- To identify and undertake 'deep dive reviews' into areas of risk identified on the risk register
- To oversee and monitor the anti-fraud, bribery, corruption and money laundering policies and receive details of any frauds which occur
- To review the company's internal financial controls and the company's internal control and risk management systems
- To review the Corporate Business Continuity Plan and Critical Activities list for recommendation to the board which would ensure that key services could continue to be delivered should a continuity incident occur
- To meet the company's internal auditor and external auditor on an annual basis with no senior executive management in attendance
- To report to the Board and Shareholder Committee on strategic risks for the company
- To undertake a self-assessment exercise and the production of an annual report to the board and Shareholder Committee
- To monitor the company's policy framework and ensure renewal of company policies
- To review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in the financial reporting or other matters (eg through the company's Whistleblowing Policy)

### **Frequency of meetings**

It is anticipated that the committee will meet at least three times a year to agree the audit programme and as necessary to consider the outcome of audit reviews.

## PART D: THE GOVERNANCE YEAR

January	Annual update of board register of interests
January – February	First draft of budget to be considered by board
January – February	Review of fees/charges and workforce annual pay award to be considered by the board (following consultation with the Council’s Director of Resources)
March	Budget for new financial year to be agreed with board and shareholder Company’s annual business plan to be agreed
April	Audit committee self-assessment and annual report to be produced (report to go to board and shareholder)
May – June	Audit committees to consider year-end financial statements (external auditor attends these meetings)
By end July	Strategic Risk Register to be reviewed
By end July	Company boards to approve year-end financial statements and annual report
July – October	Employment committees held (senior management team appraisal outcomes)
September/October	Board annual report to Shareholder Committee
September	Company policy framework to be reviewed and major policies/plans scheduled for consideration
September / October	Review of meetings including schedule for forthcoming calendar, meeting content / work programme
October – January	Business planning activities / away days

Section Two - Associated Governance Documents		
Document	Date approved	Next review due
The Company’s Business Plan		
Policy Framework document		
Articles of Association		
Governance Framework		

# SECTION THREE: MANAGEMENT OF RISK

Updated:

## The Board and strategic risk

3.1 The Board is ultimately responsible for risk and risk management of the company. The UK Corporate Governance Code outlines the framework that the board should take in undertaking this responsibility:

- *The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statement*
- *The board should present a fair, balanced and understandable assessment of the company's position and prospects*
- *The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.*

3.2 Behaviour and culture significantly influence all aspects of risk management at each level and stage. To support the appropriate risk culture, the Board should set and regularly review the risk appetite to support informed decision making, ensure confidence in the response to risks and ensure transparency.

3.3 The risk appetite is the amount and type of risk that the company is willing to take in order to meet its objectives. It is defined by setting risk tolerances within a criteria established in a risk matrix. Innovative solutions are encouraged and while they often involve risk they can be implemented with awareness and management of the risks they carry.

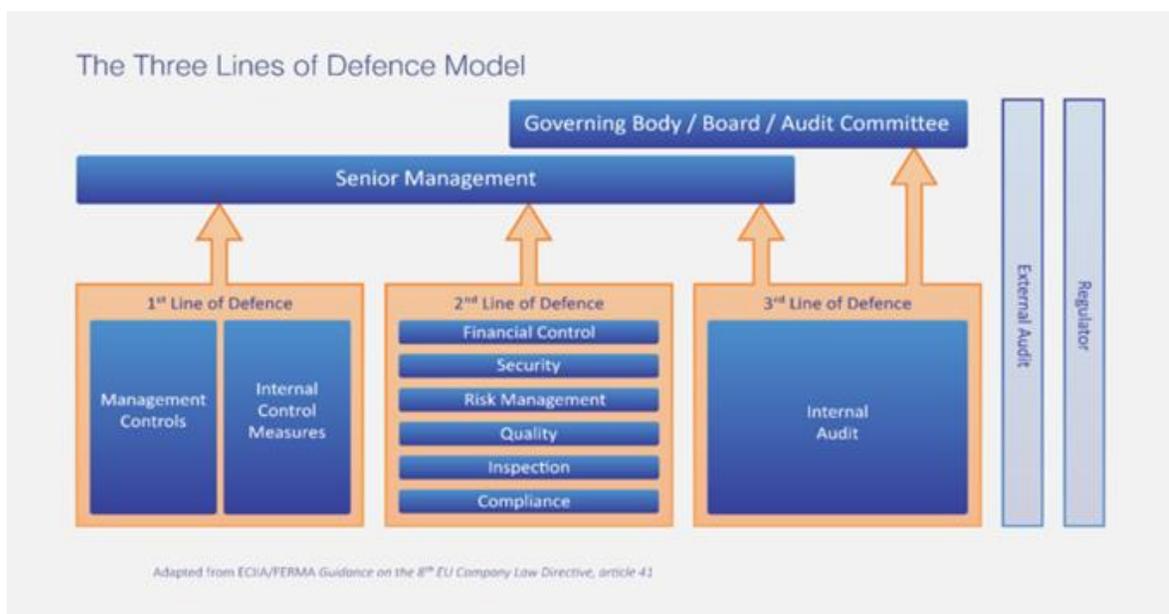
3.4 The board is also responsible for approving the company's Strategic Risk Register – this sets out the main risks for the company, current and new controls and an overall risk rating to highlight the impact and likelihood of each risk. It is recommended that the Register should contain only the main strategic risks (six or seven) although companies often develop a more detailed risk register to manage risk at an operational level.

3.5 The Strategic Risk Register will be considered by the shareholder twice a year at each Shareholder Committee meeting although this could be more frequent should a significant risk present in-year which needs Shareholder support to resolve.

3.6 The board will also assess risk on each occasion that it makes a decision on behalf of the company, based on the written report and assessment of risks and related opportunities.

## Audit Committee and risk

- 3.7 Each wholly owned company has an audit committee of the board (see also Section Two). The audit committee provides oversight of the audit process and the system of internal controls and compliance with the law, regulations, company policies and procedures.
- 3.8 The Chair of the Audit Committee will produce an annual report for consideration by the board and the shareholder. This would normally include the work undertaken in relation to the main areas of strategic risk to the company in the audit activities undertaken throughout the year (including internal audit reviews and deep dives) and any training and development undertaken. The Audit Chair would present the report to the board and at the appropriate Shareholder Committee.
- 3.9 Everyone in an organisation has some responsibility for risk management. The “three lines of defence” model (below) provides a simple and effective way to help delegate and coordinate risk management roles and responsibilities within and across the company and illustrates where the Board and Audit Committee contribute.



- 3.10 It is good practice for the Audit Committee to periodically review how it is performing and whether there are any areas which require development. A wholly owned company checklist has been developed based on CIPFA and NHS guidance to facilitate undertaking a self-assessment. This should be done every two years and the outcome can be used to inform the Chair of Audit Committees report to Board and also the Audit Committee work programme.

### **Shareholder Committee and the Council's Audit Committee**

- 3.11 In order for the Council to have oversight of and gain assurance in relation to the risks of the company group, there is also a company group Strategic Risk Register that will developed by the Shareholder Committee.
- 3.12 The Chair of the Shareholder Committee will report to the Council's Audit Committee annually on the risk management arrangements across the company group and mitigations in place to minimise risk to the Council.

# SECTION FOUR: SHAREHOLDER RELATIONS AND RESERVED MATTERS

Updated:

**Part A: The Blackpool Council group of companies**

**Part B: Company obligations**

**Part C: Shareholder roles – Shareholder Committee, Executive lead, Council officers**

## **PART A: COMPANY BACKGROUND AND PURPOSE**

### **The Blackpool Council group of companies**

- 4.1 [ ] Limited is a subsidiary company of Blackpool Council, along with other wholly owned companies, forming the Blackpool Council company group.
- 4.2 Under the Local Government Act 2003, the Council is able to provide loans and grants to its companies, as well as providing services.
- 4.3 The Council in its role as parent of this group has agreed with company boards certain requirements of its wholly-owned companies which include:
- the adoption of particular policies/statements that contribute to the Council's priorities (see list at the end of this section)
  - that the Council provides a minimum level of support services to its wholly owned companies (for example internal audit, company secretarial, information governance, communications, legal) in order to provide a level of assurance and oversight to the Council and company boards.
- 4.4 The Local Government (Best Value Authorities) (Power to Trade) England Order 2009 means the Council has to recover the full costs of the services it supplies to companies, which it has created for the purposes of trading. This will include accommodation, goods, services, staff and "any other thing". In doing so, the cost recovery will demonstrate value for money for these services.

- 4.5 In order to comply with the 'subsidy control' regime, any services provided or subsidy granted by the Council must meet the principles of the Subsidy Control scheme.
- 4.6 There is an overall management services agreement (MSA) for each company which sets out the terms on which services are provided to each company.

### **Ownership of the company**

- 4.7 [ ] is 100% wholly owned by Blackpool Council and was set up for the following purpose:
- [ ] is a Company Limited by Shares/ Guarantee. The key particulars are:
  - it was registered .....
  - its registration number is .....
  - the financial year end date is 31 March; and
  - the registered address of the company is Number One Bickerstaffe Square, Talbot Road, Blackpool, FY1 3AH.

### **Controlled company**

- 4.8 This company is a controlled company under Part V of the Local Government and Housing Act 1989 in that:
- It is a subsidiary company of the Council which the Council has a 100% shareholding
  - The Council controls the majority of the votes at an Annual General Meeting [see para 3.13]
  - The Council has power to appoint or remove a majority of the Directors of the company

## **PART B: COMPANY OBLIGATIONS**

### **Shareholder interests (see also Shareholder Roles at Part C)**

- 4.9 In order for the company to meet its responsibilities to the shareholder, the Board should ensure effective engagement with and encourage participation from shareholder representatives.
- 4.10 At Board level, this will include shareholder access to agendas and minutes of the board and shareholder representatives attending board meetings and business planning days where appropriate.
- 4.11 Board chairs in particular have responsibility for seeking engagement with the shareholder on significant matters and in turn should ensure that the Board as a whole has a clear understanding of the views of the shareholder.

## Teckal arrangements

- 4.12 Where appropriate, a company trading with third parties and thereby operating under Teckal arrangements, should undertake an annual review (and include in the company's annual report) of its application of the relevant exemption under procurement law to demonstrate that:
- the Council exercises over the company a control, similar to that which it exercises over its own departments
  - more than 80% of the activities are carried out in the performance of tasks entrusted to it by the Council
  - there is no private capital participation in the company.

## PART C: SHAREHOLDER ROLES

### The Shareholder Committee

- 4.13 The Shareholder Committee is the main body in relation to affairs across the company group. As a committee of the Council's Executive, it has been delegated decision making powers that are not otherwise the responsibility of the full Council. The full terms of reference can be found through the link at the end of this section. An Annual Meeting of the company will not normally be held, with the shareholder's decisions taking place through the Shareholder Committee.
- 4.14 Each company will have two scheduled formal meetings with the Shareholder Committee a year although meetings can be convened (including informal meetings) where matters arise or where a timely decision may be required.
- 4.15 Each company will be expected to report upon key strategic areas at each Shareholder Committee meeting including:
- the company's financial position and provisional outturn figure
  - key performance indicator information
  - update on business plan priorities and actions
  - strategic risk and mitigations.
- 4.16 The Shareholder Committee will have a key role in maintaining strategic oversight of companies within the group and as such the companies' business plans for example will be subject to the approval of the Committee (see below for full responsibilities of the Committee)
- 4.17 The Shareholder Committee will also consider reports that are common to the company group for example where the Shareholder has asked its companies to adopt a particular Council policy or take a course of action. These include the following policies/statements that the Shareholder has asked the companies to adopt:

- advertising policy<sup>14</sup>
- foundation living wage<sup>15</sup>
- climate emergency
- ethical policy
- Modern Slavery
- Care Leaver Covenant
- Public Sector Equality Duty

4.18 The Committee will also consider reports from the company on matters identified by the board.

4.19 Relevant minutes of the meeting of the Shareholder Committee will be included on company board agendas for information.

#### **Shareholder lead member**

4.20 The shareholder has appointed a ‘lead member’ for the company group - the Deputy Leader of the Council / Cabinet member for Partnerships and Performance - who chairs the Shareholder Committee meetings and can take where appropriate any individual Cabinet Member decisions.

#### **Shareholder lead officers**

4.21 The following Council’s chief officers act in respect of the ‘client’ officer role for the respective companies and have regular relationship meetings with Managing Directors (or other executive directors of the company) to discuss significant operational issues:

Director of Communications and Regeneration:	Blackpool Airport Companies Blackpool Entertainment Company Ltd Blackpool Operating Company Ltd Blackpool Transport Services Ltd
Director of Strategy and Assistant Chief Executive:	Blackpool Coastal Housing Ltd Blackpool Housing Company Ltd
Director of Community and Environmental Services:	Blackpool Waste Services Ltd

4.22 The Director of Resources, as the Council’s statutory finance officers, holds quarterly meetings with company finance directors and the company group external auditor to discuss financial planning.

4.23 The Chief Executive in their role as Head of Paid Services is the ultimate lead officer and maintains oversight across the company group.

<sup>14</sup> [Blackpool Council advertising policy](#)

<sup>15</sup> <https://www.livingwage.org.uk/>

<b>Section Four - Associated Governance Documents</b>		
<b>Document</b>	<b>Date Approved</b>	<b>Next review due</b>
Shareholder Committee Responsibilities (Executive Decision EX58/2021)	8 November 2021	N/A

# SECTION FIVE: OFFICERS OF THE COMPANY

## Updated:

- 5.1 The officers of the Company, as defined in the Companies Act 2006, include a director, manager or (company) secretary, and any person who is to be treated as an officer of the company for the purposes of the provisions in question<sup>16</sup>. When used in this sense, it will be situations in which certain legislative provisions require a function to be undertaken by an 'officer' of the company.
- 5.2 In addition to the officers' legislative duties, the officers are key to the company's success. Within their roles of managing and overseeing the Board's direction for the company, the officers ensure the company is performing and that the standards and values of the company are met. In many cases, the officers provide leadership, vision and direction to company employees and the wider workforce and in doing so set examples of the tone, culture and behaviours of the company. The officers of the company should lead by example, which is vital to uphold good governance throughout the organisation. Transparency and accountability are key and it's in those open, frank and transparent communications with the Board that the officers help shape the governance of a company.

### **Managing Director**

- 5.3 The Managing Director's role is to lead the senior management team in implementing strategy and managing the delivery and performance of services. The Managing Director will work in tandem with the chair in providing the leadership role for the company. The Managing Director will be immediately answerable to the chair and the board.

### **Senior Management**

- 5.4 Senior managers of the company provide strategic support to the Managing Director and are also accountable to the Board.
- 5.5 There is normally a senior manager for finance, responsible for strategic financial matters and longer term financial planning which may include analysing and reviewing financial data, reporting financial performance, preparing budgets and monitoring expenditures and costs. The postholder is required to present this information to the Board of directors at regular intervals and liaise with the Shareholder's chief financial officer and any relevant regulatory bodies on financial matters.

---

<sup>16</sup> s.1437 Companies Act 2006

- 5.6 Other senior managers may have a strategic delivery/development brief depending on the company. As such they would report regularly to the Board (and where appropriate, the Shareholder) on matters within their area of responsibility.
- 5.7 The senior team of officers should meet collectively to implement the wishes of the Board and prepare reports and draft policies/strategies for the Board to consider. The Managing Director normally chairs this meeting and ensures the wishes of the Board are implemented.

**Company Secretary:**

- 5.8 The company secretary is a senior officer of the company although appointed by the Council. The Company Secretary ensures that proper board procedures are in place and are adhered to and together with senior management should ensure that all relevant papers are circulated to board members in advance of meetings. The post holder should also provide support and guidance particularly to non-executive directors and monitor the company’s corporate governance procedures. The Company Secretary will work with the Chair and Managing Director to ensure there is effective good governance in the work of the board.

**Data Protection Officer (DPO):**

- 5.9 The General Data Protection Regulation states that a public authority such as a wholly owned company should appoint a Data Protection Officer. The DPO must be an expert in data protection, adequately resourced and report to the highest management level, which is the Company’s Audit Committee and as appropriate the Board of Directors. The same DPO covers the Council and its Group of Companies.
- 5.10 DPOs assist in monitoring internal compliance, informing and advising on data protection obligations, providing advice regarding Data Protection Impact Assessments (DPIAs) and acting as a contact point for data subjects and the Information Commissioner’s Office (ICO).

**Senior Information Risk Officer (SIRO):**

- 5.11 The role of a Senior Information Risk Owner is one normally undertaken by a member of a company’s Senior Management Team. This person takes on overall responsibility for the company’s information risk policy. A SIRO has a responsibility to understand how the business goals of the company may be impacted by any risks to data, including those related to information security risks and are also there to put steps in place to help determine the most appropriate risk mitigation. The SIRO will work closely with the DPO.

<b>Section Five - Associated Governance Documents</b>		
<b>Document</b>		
MD and senior management job descriptions		