

Report to:	SHAREHOLDER COMMITTEE
Relevant Officer:	Mark Towers, Group Company Secretary
Relevant Cabinet Member:	Councillor Ivan Taylor, Deputy Leader of the Council and Cabinet Member for Partnerships and Performance
Date of Meeting:	15 July 2022

COMPANY GOVERNANCE DOCUMENTS AND POLICIES

1.0 Purpose of the report:

1.1 The Shareholder Committee to consider for approval the associated policy documents to accompany the governance framework that has been adopted by all companies.

2.0 Recommendation(s):

2.1 To approve the governance framework documents and policies for all wholly-owned companies within the Council group.

2.2 For the Shareholder to request that company Boards adopt the policies and other documents at the next round of Board meetings.

2.3 That the Company Secretary updates the documents where necessary.

3.0 Reasons for recommendation(s):

3.1 The Shareholder Committee has a role to ensure that companies within its group have robust governance arrangements based on guidance available and best practice. These documents that accompany the governance framework have been developed on this basis and will provide consistent policies across the group.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 None – the absence of governance documents would pose a governance risk to the Council.

5.0 Council priority:

5.1 The proposals are in line with all Council priorities.

6.0 Background information:

6.1 At the meeting on 18 March 2022, the Committee agreed the governance framework for all wholly owned companies based upon best practice and national guidance. The framework made reference to a number of associated governance/policy documents that would be developed and also applied across the company group.

7.0 Key information:

7.1 In line with the above, a range of associated documents have been developed or where previously existed, reviewed in line with best practice and set out below.

- **Non-executive director agreement** (Appendix 7(a)) – this previously existed for independent directors and it is proposed that this is applied to all Board directors, including councillors. This has been reviewed and also incorporates standards of conduct including provisions set out in the Code of Conduct for Board Members of Public Bodies issued by the Cabinet Office.
- **Conflicts of interest policy** (Appendix 7(b)) – this has been revised to provide greater clarification on material interests (transactions) and situational interests (where a Board member also serves on another wholly owned company board within the Council group or within the sector). This is based on the policy adopted by Lumen Housing Limited in accordance with the NHS Code of Governance.
- **Board member disputes** (Appendix 7(c)) – the procedure in the event that a dispute cannot be resolved informally. This is based on the policy adopted by Lumen Housing Limited in accordance with the NHS Code of Governance.
- **Senior management disciplinary and grievance roles and responsibilities** (Appendix 7(d)) – this has been adopted by two companies already and provides clarity on roles and processes in the event of any disciplinary/grievance matters for senior managers including those of the newly established Employment Committees (senior managers).
- **Role descriptions** (Appendix 7(e)) – updated and expanded to include a role description for the Board Chair, Audit Chair and Employment Committee Chair.

7.2 Subject to approval by the Committee, each company board will be requested to adopt the policy documents. The role descriptions will be used for recruitment purposes by the Shareholder and as part of any advertising / recruitment information.

7.3 Further work in relation to the company group policy framework is also

underway which will provide assurance for the Boards and Shareholder that companies have a standard level of policies in place.

7.4 Does the information submitted include any exempt information? No

8.0 List of Appendices:

8.1 Appendix 7(a): Non-executive director agreement
Appendix 7(b): Conflicts of interest policy
Appendix 7(c): Board Member disputes procedure
Appendix 7(d): Senior Management Disciplinary and Grievance Roles and Responsibilities
Appendix 7(e): Role descriptions

9.0 Financial considerations:

9.1 None as a result of this report.

10.0 Legal considerations:

10.1 None in relation to the report although non-executive directors on company boards are required to act in accordance with their duties under the Companies Act 2006. These documents provide greater clarity for directors in this respect.

11.0 Risk management considerations:

11.1 Poor governance arrangements pose a high risk to the companies and to the Council as has been demonstrated by the high profile failures with other local authority companies. The risk to the Council from its commercial enterprises is included on the Council's strategic risk register and has been highlighted by the Council's external auditor, Deloitte. These documents along with the governance framework would help to mitigate that risk.

12.0 Equalities considerations:

12.1 None as a result of this report.

13.0 Sustainability, climate change and environmental considerations:

13.1 None as a result of this report.

14.0 Internal/external consultation undertaken:

14.1 The governance framework refers to the associated documents and this was developed in conjunction with company Audit Committee Chairs, company representatives, Managing Directors and Finance Directors to seek input and support for the updated

framework document.

15.0 Background papers:

15.1 None.

16.0 Key decision information:

16.1 Is this a key decision? No

16.2 If so, Forward Plan reference number: N/A

16.3 If a key decision, is the decision required in less than five days? No

16.4 If **yes**, please describe the reason for urgency: N/A

17.0 Call-in information:

17.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

17.2 If **yes**, please give reason: N/A