

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 6
12 JUNE 2023	PUBLIC REPORT

Report of:	Director of Law & Governance (Monitoring Officer)	
Cabinet Member(s) responsible:	Cllr Andy Coles	
Contact Officer(s):	Rochelle Tapping, Director of Law & Governance (Monitoring Officer) Cecilie Booth, Director of Corporate Resources (s151 officer)	

ASSURANCE OF PCC COMPANIES

RECOMMENDATIONS	
FROM: Director of Law & Governance	Deadline date: N/A
<p>It is recommended that the Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> 1. Note the revised Terms of Reference for the Shareholder Cabinet Committee 2. Note the Companies Unit and its Terms of Reference 3. Note the lead officer role and role description. 4. Agrees training programme, for members and officers involved in council companies and partnerships, to be organised by the Monitoring Officer 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Shareholder Cabinet Committee to provide clarity on the arrangements for oversight of Peterborough City Council (PCC) companies.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to:

- Review the remit and powers of the Committee.
- Set out arrangements for oversight of PCC companies.
- Endorse training proposals for members and officers.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 **This report:**

- Sets out the Shareholder Cabinet Committee terms of reference
- Details arrangements for central oversight of PCC companies including audit and scrutiny committee involvement.

4.2 **Shareholder Cabinet Committee Purpose and Functions**

The terms of reference of the shareholder committee have been updated to reflect best practice guidance as set out in the Governance of council interests in companies code of practice. Companies of the Council will inform decision making and be held to account by the Shareholder cabinet committee. The shareholder cabinet committee will provide oversight from a shareholder perspective, that the parameters set by the Council, for the companies are being adhered to.

Functions of the Shareholder Cabinet Committee and those reserved to Cabinet

To monitor performance of the companies, partnerships, and charities in line with Cabinet approved business plans and particular the company's performance in financial matters:

- (a) against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and against the values of the Council by means of monthly performance monitoring and scrutiny.
- (b) To provide the necessary oversight from the shareholder's perspective and ensure that those companies, partnerships, and charities comply with relevant Council policies, strategies, and objectives
- (c) To exercise decisions, where delegated by Cabinet, in relation to a company, partnership or charity's reserved matters
- (d) To make recommendations to Cabinet in relation to investments, loans, and assets
- (e) To evaluate and monitor the financial and social returns on investment and risks and opportunities including those arising from joint ventures or new opportunities.
- (f) To oversee the relationships between the Council and the Council's companies, partnerships, and charities, and any such relationships between the Council's companies, partnerships, and charities in accordance with the Council's objectives.
- (g) To review any reports in relation to the Council's companies, partnerships, or charities prior to their submission to the Audit Committee to ensure compliance with Council policies, strategies, and objectives.
- (h) To determine for each individual company, partnership, or charity whether the Shareholder Cabinet Committee recommends to Cabinet the delegation of any functions to the officers of the Council.

Functions Reserved to Cabinet

Cabinet will be responsible for the following functions in relation to the Council's companies, partnerships and charities:

- (a) The establishment of any new company, partnership or charity;
- (b) The decommissioning/winding up of existing companies, partnerships and charities.
- (c) The determination of Articles of Association;
- (d) The determination of the percentage share of ownership;
- (e) The determination of the investment of funds and assets;
- (f) The determination of any lending facilities to the Council's companies, partnerships and charities;
- (g) The determination of decisions reserved to the Council as shareholder or member of a company, partnership or charity;
- (h) Scheme of delegations to the Shareholder Cabinet Committee;
- (i) Approval of Business Plans;
- (i) Approval of changes to service agreements in respect of KPIs, service levels and service standards;
- (k) The setting of Policy Strategy and objectives for the operation of the Council's companies, partnerships, and charities.

4.4 Overview of Issues

Members and officers are allocated to various companies and boards. One of the significant responsibilities of the Shareholder Cabinet Committee is to ensure that Council aims, objectives and requirements are delivered both within these Companies and also across these Companies. As such the Committee:

- Needs to understand potential conflicts of interest between Company Board member's statutory requirements and the Council's objectives.

- What needs to be put reinforced in terms of the governance and client management of the Council's companies in order to ensure the Council's objectives are delivered.

Training for members and officers

A training programme will be developed and delivered by external professions. This training is for all Councillors and Officers that sit on company Boards. This training will extend to Cabinet members and members of the shareholder board and will cover the following key areas:

- Role of a director
- Conflicts of interest
- Management of local authority companies

Governance of companies

Changes to the governance arrangements are progressing with the implementation of a PCC Companies Unit. This officer led unit will have central oversight of all PCC companies. The Companies unit is made up of officers from legal, finance and procurement and will be headed by the Companies lead who will have company secretary expertise. A recruitment exercise will commence for the Companies lead, however in the interim, this work will be supported by the Monitoring Officer, Head of Legal and the legal team.

The unit will convene monthly and have responsibility for the work plan for the shareholder cabinet committee, ensuring that any matters for the company are first considered by the by the unit, prior to progressing to the shareholder cabinet committee. Broad expectations of the Unit, in relation to the companies include:

- (a) Consideration of the best course of action
- (b) Assessing whether decisions are for the shareholder committee.

Terms of reference for the Companies unit is at appendix A.

A lead officer from each company will report into the Companies unit. That officer is responsible for ensuring that all activities of that company and decisions to be made are first considered by the Companies unit. Appendix B details the role description for the lead officer role. The first Companies Unit meeting will commence in June.

The Growth, Resources and Communities overview and scrutiny committee's terms of reference has been updated to include:

To scrutinise the operation of the authority's companies as part of the work programme and to provide constructive challenge

The committee will have a role in ensuring that the companies are making sufficient returns on investment and that any social objectives are not loss. The committee will also hold the executive to account in relation to achieving the objectives of the companies in line with business cases applicable.

It is proposed that the audit committee will also be responsible for of PCC companies. This piece will develop in consultation with the audit committee.

5. CONSULTATION

5.1 N/A

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The purpose of this report is robust oversight of PCC companies.

7. REASON FOR THE RECOMMENDATION

7.1 To outline arrangements for the shareholder committee and central oversight of all PCC companies

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 N/A

Legal Implications

9.2 There are no legal implications arising from this report.

Equalities Implications

9.3 There are no equalities implications arising from this report.

Carbon Impact Implications

9.4 There are no carbon impact implications arising from this report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

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11.1 None.

12. APPENDICES

12.1 Appendix A - Terms of reference for the Companies unit
Appendix B - Role Description for Lead Officers