

EXECUTIVE

A meeting of the Executive was held on Wednesday 6 September 2023.

PRESENT: Mayor C Cooke (Chair), Councillors P Gavigan, T Furness, P Storey, Z Uddin and N Walker

PRESENT BY INVITATION: Councillors M Storey (Chair of the Overview and Scrutiny Board)

ALSO IN ATTENDANCE: S Arnold (Local Democracy Reporting Service). M Nath

OFFICERS: S Bonner, C Benjamin, R Brown, G Field, R Horniman, A Hoy, A Humble and E Scollay

APOLOGIES FOR ABSENCE: Councillor J Thompson

23/19 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

23/20 **MINUTES - EXECUTIVE - 23 AUGUST 2023**

The minutes of the Executive meeting held on 23 August 2023 were submitted and approved as a correct record.

23/21 **MIDDLESBROUGH DEVELOPMENT COMPANY CLOSURE**

The Executive Member for Regeneration submitted a report for Executive's consideration.

The purpose of the report was to set out the process followed to close down the Middlesbrough Development Company. This included the final steps that had yet to take place with a particular focus on how that process would ensure Value for Money was achieved during this period. It also showed how arrangements aligned with the Minimum Standards set out in the recently adopted Partly and Wholly Owned Council Companies Policy.

As previously reported to Executive in January 2023, the Council's wholly owned company, the Middlesbrough Development Company was identified as posing a potential risk to the Council through non-compliance with newly published guidance for such companies.

The guidance, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) following a number of high-profile failures of Council owned companies nationally, set out the standards of management and governance that should be expected of any wholly or partly owned company.

Following an initial review of the company against this guidance it was evident the company either needed to be revised significantly or be closed down. As it was coming to the end of its current range of projects, and the changes needed to meet the new standards would require significant investment, the decision was taken to cease trading and close down the company completely. This was anticipated to be complete by December 2023 (although the audit/accounting actions that follow would extend into 2024).

Members discussed the reasons for the Middlesbrough Development Company's closure that were cited in the report.

The Mayor proposed an amendment to the report, agreed by Executive, to include an additional recommendation. The additional recommendation would be the creation of a learning document about the process that could be shared with neighbouring Councils and the TVCA.

ORDERED that Executive:

1. note the process undertaken to close down the Middlesbrough Development Company;
2. note the steps taken to align interim governance arrangements with the Minimum Standards of the Partly and Wholly Owned Council Companies policy and notes where there is a clear, evidenced rationale for non-compliance with elements of that policy because the company is being wound-up and,
3. approve the final steps of the Members Voluntary Liquidation.
4. approve the creation of a learning document about the process that could be shared with neighbouring Councils and the TVCA.

OPTIONS

Other options for the final closure of the company had been examined, including the option to simply deregister the company. Although this option could be delivered more cheaply (£15) it did not provide the appropriate assurance that all matters had been concluded satisfactorily and all risks had been managed.

REASONS

The action plan would see the orderly closure of the Middlesbrough Development Company, as previously approved by the Executive.

23/22

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.