

**EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE**

A meeting of the Executive Member for Finance and Governance was held on Tuesday 25 July 2023.

**PRESENT:** Councillors , N Walker

**PRESENT BY  
INVITATION:**

**ALSO IN  
ATTENDANCE:**

**OFFICERS:** S Blood and A Johnstone

**APOLOGIES FOR  
ABSENCE:** Councillors

22/9

**WHOLLY AND PARTLY OWNED COUNCIL COMPANIES POLICY AND SUPPORTING MINIMUM STANDARD**

The Director of Legal and Governance Services submitted a report, the purpose of this report was to seek approval of the proposed policy that sets out how the Council will develop, operate, and review Wholly or Partly Owned Council (WPOCC) companies.

The aim of the policy was to strike an appropriate balance between allowing a company the freedom to manage its activities and ensuring that its arrangements provide the Council with assurance that the company is required to achieve the Council's ambitions, provides value for money from its activities and has appropriate corporate governance arrangements in place.

In September 2022, the Corporate Affairs and Audit Committee considered an annual assurance report on Partnership Governance which set out the Council's Partnership Governance Policy, the supporting register of key partnerships and lead officer assessments of their health.

The Committee was advised by officers at that time that, as part of work to complete the register of key partnerships, it had been identified that there was an organisational need to develop a complementary governance structure to sit alongside the Partnerships Governance Policy. This will provide a governance framework for wholly or partly owned Council companies that assesses:

- When a wholly or partly owned company should be considered for establishment
- The required content of any business case to establish one e.g. clear evidence that the required business to be conducted could not be completed as effectively within the Council
- The minimum standard any company that is established should comply with for the purposes of demonstrating its effectiveness back to the Council.

This new policy would provide a framework against which all potential future wholly or partly owned Council companies, in whatever form they might take, could be assessed against. It would also provide a standard framework to ensure current arrangements were consistently and regularly reviewed to ensure the business case for their retention was still present.

An action to deliver this new policy was also included in the draft 2021/22 Annual Governance Statement.

This report sets out that policy and its supporting Minimum Standard. The key elements of the policy and supporting minimum standard are:

- A business case should be in place for all proposed companies

- Due diligence should be completed to ensure the business case is robust
- Implementation plans of the company should ensure that its structure and reporting arrangements provides the Council with assurance that it meets the principles of good governance articulated in the Minimum standard
- That roles and responsibilities are clearly understood and that those who hold them have the skills, capacity and experience to deliver those roles fully
- That regular formal reviews of arrangements are considered by the appointing body to assess whether the business case for the company is still present.

The report set out the scope and the next steps of the policy.

#### **OPTIONS**

##### **Other potential decision(s) and why these have not been recommended**

The Council could choose not to adopt this policy, however that is not recommended. A proportionate, consistent approach to the establishment, maintenance and review of such arrangements will provide the Council with assurance that Value for Money is being achieved within arrangements that are necessary in order to achieve its objectives.

#### **ORDERED**

That the Executive Member for Finance and Governance:

- Approves the Wholly and Partly Owned Council Companies Policy and supporting minimum standard
- Approves the proposal to assess the existing company in line with the policy within the next 12 months.

#### **REASON**

The decisions were approved for the following reason:

The adoption of a policy framework that follows recently published best practice will provide a consistent standard against which companies can be assessed to provide the organisation with assurance that governance is fit for purpose and the business case for establishment of a company is robust.

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