

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Chief Executive - Erik Scollay
<b>Relevant Executive Member:</b>	Mayor - Chris Cooke
<b>Submitted to:</b>	Executive
<b>Date:</b>	8 July 2026
<b>Title:</b>	Wholly and Partly Owned Council Companies Policy and supporting Minimum Standard
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Delivering Best Value
<b>Key decision:</b>	No
<b>Why:</b>	Decision does not reach the threshold to be a key decision
<b>Subject to call in?</b>	Yes
<b>Why:</b>	Non Urgent Report

<b>Proposed decision(s)</b>
<p>That the Executive:</p> <ul style="list-style-type: none"> <li>• <b>APPROVES</b> the Wholly and Partly Owned Council Companies Policy 2026-29 and supporting minimum standard.</li> </ul>

<b>Executive summary</b>
<p>From time to time, the Council may elect to use a wholly or partly owned company to carry out specific functions. The purpose of this report is 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.</p> <p>This report sets out that policy and its supporting Minimum Standard. The key elements of the policy and supporting minimum standard are:</p> <ul style="list-style-type: none"> <li>• A business case should be in place for all proposed companies</li> <li>• Due diligence should be completed to ensure the business case is robust</li> </ul>

- It contains measures to ensure any company structure and reporting arrangements established will provide the Council with assurance that the company 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.

If agreed, it will be implemented and the one existing company arrangement in place will be reviewed against this new model.

## 1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

- 1.1 The purpose of this report is 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.
- 1.2 The aim of the policy is to strike an appropriate balance between allowing a company the freedom to manage its activities, while 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.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
<b>A successful and ambitious town</b>	The policy and compliance with it will provide greater assurance around the contribution any company that is established will have towards achievement of the Council's priorities.
<b>A healthy Place</b>	The policy and compliance with it will provide greater assurance around the contribution any company that is established will have towards achievement of the Council's priorities.
<b>Safe and resilient communities</b>	The policy and compliance with it will provide greater assurance around the contribution any company that is established will have towards achievement of the Council's priorities.
<b>Delivering best value</b>	The policy and compliance with it will provide greater assurance around the contribution any company that is established will have towards achievement of the Council's priorities. In particular, completion of a business case for any new bodies, will ensure that they are only established where it is clear that they will meet the needs of the Best Value Duty.

## 2. Recommendations

- 2.1 That the Executive:
- **APPROVES** the Wholly and Partly Owned Council Companies Policy 2026-29 and supporting Minimum Standard.

## 3. Rationale for the recommended decision(s)

- 3.1 The policy and supporting Minimum Standard 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.

**4. Background and relevant information**

4.1 The Council has had a policy in place since 2023, that sets out appropriate governance arrangements for Wholly or Partly Owned Council Companies to ensure compliance with CIPFA guidance on this.

4.2 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.

4.3 The policy has been reviewed as part of the three year refresh cycle for this policy. Following this review, the policy has been amended to include a clarification around the threshold at which the policy should apply. The scope of the policy has been amended to state that the policy will only apply where the Council’s position within a partly owned company meets the government definition of a ‘person with significant control’ (PSC). Government defines PSC as:

- has more than 25% shares or voting rights in the company
- can appoint or remove a majority of directors
- can influence or control the company or trust.

**5. Ward Member Engagement if relevant and appropriate**

5.1 Not applicable.

**6. Other potential alternative(s) and why these have not been recommended**

6.1 The Council could choose not to have this policy in place, 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 to achieve its objectives.

**7. Impact(s) of the recommended decision(s)**

Topic	Impact
Financial (including Social Value)	There are no direct financial implications arising directly from this report and policy. Application of the policy will support the Council to ensure compliance with the requirements of the Best Value Duty. The Minimum Standard will ensure that any business case for establishment of a company will fully assess the costs and benefits,

	including costs of ensuring it is appropriately resourced to meet its obligations in relation to corporate governance; including information governance, legal support, data protection, health and safety, risk, insurance, performance management and HR.
Procurement	<p>Not applicable. No procurement activity will occur as a result of the policy being refreshed.</p> <p>The Minimum Standard includes a requirement that a company structure within the scope of the policy should 'ensure best value is achieved in relation to investments by ensuring appropriate frameworks are in place to oversee delivery. This could include project management tools, procurement policy, financial management etc'.</p>
Legal	<p>The policy and supporting Minimum Standard will support compliance with company law and good practice guidance issued by sectoral leaders such as the Chartered Institute of Public Finance and Accountancy (CIPFA).</p> <p>The policy supports officers and members who may be required to undertake a formal director role within a company to understand their legal responsibilities.</p>
Risk	<p>The policy and compliance with it provide greater assurance around the contribution any company that is established will have towards achievement of the Council's priorities. It will also ensure that the risks of any companies are fully articulated and formally reported back to the Council on a regular basis during the lifetime of the company.</p> <p>The policy positively impacts on Strategic Risk SR-09 – that corporate governance arrangements are not fit for purpose.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	Not applicable. Application of the policy and supporting standard will provide assurance on each company in relation to compliance with their legal obligations in these areas.
Reducing Poverty	Not applicable. Application of the policy and supporting standard will provide assurance on each company in relation to compliance with their legal obligations in these areas. The policy and supporting standards will also ensure that any company that is established, aligns with the Council's strategic objectives, as set out in the Council Plan.
Climate Change / Environmental	Application of the policy and supporting standard will provide assurance on each company in relation to compliance with their legal obligations in these areas. The policy and supporting standards will also ensure that any company that is established, aligns with the Council's strategic objectives, as set out in the Council Plan.

Children and Young People Cared for by the Authority and Care Leavers	Application of the policy and supporting standard will provide assurance on each company in relation to compliance with their legal obligations in these areas. The policy and supporting standards will also ensure that any company that is established, aligns with the Council's strategic objectives, as set out in the Council Plan.
Data Protection	Application of this policy will ensure that any business case for the creation of a company within scope, will set out how it will be resourced to meet its obligations in relation to data protection.

### Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Publish the revised policy on the Council's Open data site	Ann-Marie Johnstone, Head of Chief Executive's Department	30 July 2026

### Appendices

1	Wholly and Partly Owned Council Companies Policy 2026 - 2029
2	Wholly and Partly Owned Council Companies Minimum Standard

### Background papers

Body	Report title	Date
Single Member Executive – Executive Member for Finance and Governance	Wholly and Partly Owned Council Companies Policy and supporting Minimum Standard	25 July 2023

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