

AVDC COMPANY GOVERNANCE

Cllr Howard Mordue

Cabinet Member for Finance, Resources and Compliance

1 Purpose

- 1.1 To approved the attached 'Companies in which AVDC has a financial Interest Guide', and to agree to the approach to shareholder representatives to AVDC companies.

2 For decision

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| <ol style="list-style-type: none">2.1 To consider any comments on 'Companies in which AVDC has a Financial Interest Guide' attached as Appendix 1 to this report from the Audit Committee of 21 March 2016 – see para 3.112.2 To adopt the Guide entitled 'Companies in which AVDC has a Financial Interest Guide' attached as Appendix 1 to this report to clarify the role, responsibilities and relationships between companies it owns and AVDC.2.3 To delegate the nominations of Shareholder Representatives for AVDC companies where appropriate to the Chief Executive after consultation with the Leader. |
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3 Supporting information

- 3.1 As the approaches of the Commercial AVDC programme, and particularly the formation and ownership of companies, has the potential to become more common place to fulfil the councils innovative and enterprising way to react to its financial challenges. There is a need to ensure that good governance is in place so that the actions of AVDC and those companies are clear, transparent and in line with the overall aims of AVDC.
- 3.2 The attached guide sets out how the relationships between any company that AVDC has a financial interest in and the council should be conducted, it also covers in broad terms the way in which new companies should be developed. This should be set in the context of the already existing control mechanisms for companies that Cabinet and Council have agreed, such as the companies business plans, articles of association and shareholders powers.
- 3.3 The governance of any company owned or invested in by AVDC is important as there is a need to :
 - Ensure that it is clear for staff, public, members and the company staff who is responsible for what, when and why
 - Ensure that AVDC and the company is clear on its roles and responsibilities
 - Ensure that nothing is developed that conflicts with AVDC, or places AVDC in an unlawful positon
 - Ensure that any and all legal or contractual issues are complied with
 - Ensure that the company is operating ethically and transparency is in line with the councils legal responsibilities.
- 3.4 Good corporate governance is aimed at ensuring that the above are adhered to, to maintain and improve the image of both the company and AVDC, and

overall ensure that the company delivers against the reasons it was created and to its business plan.

- 3.5 It is also important that there is consistency across all companies that AVDC may own or relate to, so that there is a common understanding for all partners involved in oversight and management.
- 3.6 The aim of any company owned or part owned by AVDC is to produce overall benefits for the residents and businesses of the Vale. This may be through investment, commercial opportunity, a host of other reasons or simply by generating income for the council through divided payments funded from profit. This also may be through purchasing or reselling elements of council services which may result in an overall better position for the council.
- 3.7 This overarching aim should be at the heart of all decision making, and the attached guide seeks to assist in developing these approaches.
- 3.8 The guide sets out a number of principles that owned (part or whole) companies should deliver. It is recognised that companies created preceding the publication of this guide may not be fully compliant, or those who are not 100% owned by AVDC, however where possible these should be transitioned over the medium term to align with this guide where practical.

AVDC's current company financial interests are set out in the table below :

Vale Commerce	100%
Aylesbury Vale Broadband	95%
Novae Consulting	100%
Bucks Advantage	50%
Aylesbury Vale Estates	50%

- 3.9 As part of the guide the notion of shareholder representatives are highlighted for larger companies. The role of a shareholder representative is to act as a key guider and conduit between AVDC and the companies Board of Directors, informing and reinforcing the shareholders wishes. It does not formally constitute a Board member position which enables the role to have allegiance to AVDC rather than the company and enable swifter guidance to be provided as apposed to waiting for more formalised processes in line with the more commercial/agile nature of operation. This does however not alter the reserved matters reserved to the shareholders in any incorporation documents, and hence still means that more major changes will still be referred back to Cabinet.
- 3.10 So as to enable shareholder representatives to be put in place as demand requires the recommendation of this report seeks this function to be delegated to the Chief Executive in consultation with the Leader as and when this is seen to be required, reflecting again the more agile nature of working in a more commercial operation.
- 3.11 In presenting this item to Audit Committee on 21 March, a number of comments were made regarding our relationship with our companies focusing mainly around; sufficient resource being available to deliver the companies aims and its governance, the importance of the skill sets of directors/officers to discharge the required actions, and the reporting and controls that exist over the investments including scrutiny. No changes to the guide it self were

suggested. All of the issues raised are covered in this covering report and/or the guide attached, or are addressed under the day to day management of the companies or the Governance Sector of AVDC.

- 3.12 The guide has been developed from our pool of knowledge to date on creating and operating the companies above. The intention is that the guide will be updated periodically to ensure that the knowledge as we move forward is also captured and our approaches changed to reflect that experience.

4 Options Considered

- 4.1 None

5 Reasons for Recommendation

- 5.1 To ensure the good governance of AVDCs financial interests in companies.

6 Resource implications

- 6.1 None directly from this report.

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Background Documents	None