



Buckinghamshire Shareholder Committee agenda

Date: Wednesday 13 March 2024

Time: 2.00 pm

Venue: The Paralympic Room, Buckinghamshire Council, Gatehouse Road, Aylesbury
HP19 8FF

Membership:

J Chilver (Chairman), S Broadbent, A Cranmer and P Strachan

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2 Declarations of Interest	
3 Minutes of the previous meeting To confirm the minutes of the meeting held on 17 January 2024 as a correct record.	3 - 6
4 The Local Authority (Indemnities for Members and Officers) Order 2004	7 - 10
5 Draft Buckinghamshire Shareholder Committee Annual Report 2023-24	11 - 24
6 Best Practice Review (Governance) - Update	25 - 34
7 Forward Plan	35 - 38
8 Date of the next meeting To be confirmed at the Council AGM on 15 May 2024.	
9 Exclusion of the public To resolve: that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the	

likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.

10	Confidential minutes of the previous meeting	39 - 40
	To confirm the confidential minutes of the meeting held on 17 January 2024 as a correct record.	
11	Aylesbury Vale Estates LLP – Business Plan April 2024 to March 2027	41 - 76
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If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

For further information please contact: Leslie Ashton; 01895 837 227
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Buckinghamshire Shareholder Committee minutes

Minutes of the meeting of the Buckinghamshire Shareholder Committee held on Wednesday 10 January 2024 in The Paralympic Room, Buckinghamshire Council, Gatehouse Road, Aylesbury HP19 8FF, commencing at 2.00 pm and concluding at 2.40 pm.

Members present

S Broadbent and P Strachan (Acting Chairman)

Apologies

J Chilver and A Cranmer

Agenda Item

1 Apologies for Absence

Apologies were received from Councillor J Chilver. In Councillor Chilver's absence Councillor P Strachan was elected Chairman for the meeting.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes of the previous meeting

Resolved: That the minutes of the meeting held on 18 October 2023 were approved as an accurate record.

4 Best Practice Review (Governance) - Update

The Committee received a report on the Amber and Red rated actions as part of the Committee's action plan as detailed in Annex 1 of the report, this followed consideration of the best practice self-assessment on company governance at the previous meeting. Glenn Watson, Principal Governance Officer presented the report.

During discussion points raised included:

- Several actions referenced within the action plan were pending the outcome of the internal audit, a verbal update on which was noted under item 7. The final internal audit report would be considered at the Committee's next meeting in March 2024.
- It was noted that the Terms of Reference were reviewed annually and were considered under item 5 of this meeting's agenda.

- The Committee agreed that in line with best practice guidance, it was a sensible approach to establish the principle of Committee Members attending a meeting of each entity, to view areas such as depth of discussion, chairmanship, and quality of supporting papers. The Committee agreed that it would be beneficial to prioritise attendance at each entities AGM meetings. Further, it was agreed that there would be additional value in an officer attending meetings with Members.

Resolved:

1. That the update as regards the Amber and Red actions identified in the recent Best Practice Self-Assessment be noted.
2. To agree, in accordance with best practice, to nominate a representative of the Committee to observe at least one board meeting of each entity to view the culture and conduct of their meetings, with attendance at the AGM to be prioritised.

5 Terms of Reference – Annual Review

The Committee considered its annual review of the Committee’s Terms of Reference. It was considered good practice to undertake a periodic review of the terms of reference to ensure that they remained fit for purpose and reflected any legislative or operational changes made in the previous year. Glenn Watson, Principal Governance Officer, and Richard Ambrose, Service Director for Economic Growth and Regeneration presented the report.

During discussion the Committee noted that the Terms of Reference on the whole remained sound and fit for purpose, with the proposed amendments making clear what was effectively already happening in practice. It was recognised that winding up a company was a significant decision and as such it was deemed sensible to report it through the Leader and Cabinet.

Insolvency of an entity was discussed, and it was agreed that the Committee should be made aware of the exact timing of any potential insolvency at an early stage. It was suggested a specific line be added to the Terms of Reference to cover insolvency.

ACTION: R Ambrose / G Watson to include reference to company insolvency within the Terms of Reference.

Resolved: That the suggested amendments as reflected in Appendix 2 be agreed, subject to the addition above.

6 Articles of Association - Annual Review

The Committee considered its annual review of the Articles of Association of each entity. This annual review was undertaken as it was considered best practice, as set out in the Local Authority Company Review Guidance. The Guidance noted that each local authority company/entity “should have articles of association, documenting its constitution and addressing purpose, conduct of meetings and appointment of directors” or ‘members agreement’ with the Council as shareholder making clear the

respective roles. The review considered whether the documents, in each case, met this requirement, having appropriate coverage for the purpose of the entity; the conduct of meetings; and the appointment of directors. Glenn Watson, Principal Governance Officer, presented the report.

During discussion, points raised included:

- For all except Aylesbury Vale Estates, the purpose of the company could be more clearly articulated or updated which would enable the Committee and the Cabinet to fulfil its periodic responsibility to verify that the purpose of the companies aligned with the Council's objectives. Similarly, each could be updated to reflect that 'Buckinghamshire Council' had succeeded the legacy council as the local authority 'member' of the company.
- The Committee noted that the Principal Governance Officer would liaise with the Directors of each entity to identify with them the necessary changes to the Articles. This would be undertaken during January and February 2024 with a view to bringing the revised set of Articles to the next meeting of the Committee for approval.
- The review with the Directors would also factor in any related outcomes arising from the Internal Audit into company governance.

Resolved: That the annual review of the Articles of Association of each entity be noted.

7 Internal Audit Report update

Richard Ambrose, Service Director for Economic Growth and Regeneration provided a verbal update on the recent internal audit into each of the local authority's companies/entities. The internal audit had concluded although there had been a slight delay in the production of the report itself. Key areas expected to be highlighted in the audit included:

- That whilst Consilio held a register of interests which was good and covered all relevant areas, AVE and BA did not.
- The issues with the Articles of Association / Members Agreements as noted under agenda item 6 were highlighted.
- There was a lack of a scheme of delegation within each entity, although Consilio did set out clear responsibilities. The Committee did however acknowledge that these were relatively small companies, particularly BA, and noted that the schemes of delegation needed to be proportionate and not overly bureaucratic.
- The business plans of BA and Consilio lacked a clear purpose and would benefit from being made clearer, an area the Committee had previously highlighted when reviewing the respective business plans. The Committee noted that it could test how clear each companies purpose was and what their responsibilities were when the upcoming 24/25 business plans were reviewed.
- There would likely be a recommendation to look at Director appointments

and associated processes. The area of appointing a third Director to Consilio was noted, although as the Committee was aware this was presently on hold.

- It was not evidenced how Director skills and performance were monitored on an ongoing basis, either within the entities themselves or how the Committee sought assurance.
- Meetings and decisions were well documented and there was thorough scrutiny, with the audit identifying the good work that the Committee had undertaken.
- There would be an opportunity for management responses to be provided to the audit findings and the final report would be shared at the March meeting of the Committee.

Resolved: that the update be noted.

8 Forward Plan

It was noted that March's agenda looked particularly busy, it was suggested to extend the meeting length to three hours and to defer the Annual Review of the Director Appointments and Conflicts of Interest Guidance along with the six-month review of Risk Registers to the June meeting to assist with the overall yearly cycle by spreading the items across meetings more equally.

Resolved: that the forward plan be noted.

9 Date of Next Meeting

13 March 2024 at 2 p.m.

10 Exclusion of the public

Resolved: that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act.

11 Confidential minutes of the previous meeting

Resolved: that the confidential minutes of the previous meeting held on 18 October 2023 be confirmed as an accurate record and updates on the actions be noted.

12 Annual Audit Letters

Resolved: That the respective Annual Audit Letters for Aylesbury Vale Estates and Buckinghamshire Advantage be noted.



Report to Buckinghamshire Shareholder Committee

Date:	13 March 2024
Title:	The Local Authority (Indemnities for Members and Officers) Order 2004
Cabinet Member(s):	John Chilver, Chairman of the Buckinghamshire Shareholder Committee
Contact officer:	Jenny Caprio, Head of Legal Services and Deputy Monitoring Officer – Jenny.Caprio@buckinghamshire.gov.uk
Ward(s) affected:	Not ward specific
Recommendations:	<p>Pursuant to the Local Authority (Indemnities for Members and Officers) Order 2004, the Council agrees to indemnify Members and Officers against any personal liability incurred when carrying out their duties, (except in the cases of fraud or criminal acts), including in relation to appointments to other bodies controlled or not controlled by the Council.</p> <p>The Director of Law and Governance be authorised to finalise the wording of the indemnity in consultation with the S151 Officer.</p>
Reason for recommendation:	To ensure that Council Members and Officers are protected from any personal liability when carrying out their duties.

1. Background

- 1.1 Under Section 265 of the Public Health Act 1875 councillors and local authority officers, when acting in the course of their duties and in good faith, have statutory

immunity and are not personally liable for the actions they take and the Act provides for an indemnity in relation to potential liabilities and also costs.

- 1.2 Under the Local Authority (Indemnities for Members and Officers) Order 2004, authorities have power to indemnify Members and officers in circumstances, including where they are carrying out any function at the request, with the approval, or for the purposes, of the authority; but acting in capacities other than as Members or officers of the authority. An example of this would be where a Member or Officer acts as a director of a company at the request of the authority and is, therefore, acting in the capacity of a director.
- 1.3 Prior to 2020, Legacy Councils had varying arrangements in place to confirm that Officers and Members would be indemnified under the 2004 Order, referring specifically to those appointed to wholly owned companies such as Buckinghamshire Advantage, London Road Business Park Management Ltd and Consillio Property Ltd; as well as Aylesbury Vale Estates a limited liability partnership (OC348364).
- 1.4 Following the recent changes with the integration of the LEP into the Council, there is an opportunity to, it is recommended that, confirmed and widen the indemnity to give a general indemnity rather than seeking specific indemnities for particular activities.

2. Other options considered

- 2.1 The option of considering separate requests for indemnities in relation to specific activities is not recommended.

3. Financial implications

- 3.1 There are no direct financial implications resulting from this report. If, however, the Council agrees to put in place the recommended indemnity, it will commit the Council to the payment of costs involved in the defence of proceedings against a Member or officer (limited to those which are reasonable and necessary).

4. Legal Implications

- 4.1 Under The Local Authorities (Indemnities for Members and Officers) Order 2004 the Council is empowered to offer an indemnity for Members and officers as proposed in this report.

5. Corporate implications

- 5.1 If the Committee agrees to put the recommended indemnity in place, the Committee will be enabling Officers and Members to be fully supported when carrying out their roles within the other organisations.

6. Next steps and review

- 6.1 The precise wording of the indemnity will be finalised as set out in the recommendations.

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Report to Buckinghamshire Shareholder Committee

Date:	13 March 2024
Title:	Draft Buckinghamshire Shareholder Committee Annual Report 2023-24
Cabinet Member(s):	John Chilver, Chairman of the Buckinghamshire Shareholder Committee
Contact officer:	Richard Ambrose – Richard.ambrose@buckinghamshire.gov.uk
Ward(s) affected:	Not ward specific
Recommendations:	The Committee is invited to comment on the 2023-24 Draft Annual Report of the Buckinghamshire Shareholder Committee ahead of it being submitted to Cabinet for its meeting on 7 May 2024.
Reason for recommendation:	As a sub-committee of Cabinet, it is considered good practice for the Shareholder Committee to report annually to Cabinet on the work it has undertaken over the previous municipal year.

1. Executive summary

- 1.1 The role of the Committee is to ensure that the Council's companies and limited liability partnerships act in the interests of the Council as shareholder and that best practice is being adhered to in delivering statutory arrangements. In doing so, the Committee contributes to the proper governance of the Council's subsidiaries. This added level of governance continues to be vitally important in the context of the financial challenges many local authorities and local authority companies have faced over recent years and continue to face. Understanding the risks and performance associated with wholly or jointly owned companies is a key task of the Committee.

- 1.2 This is the second year of operation of the Shareholder Committee and producing an annual report to reflect the work and outcomes achieved by the Committee throughout 2023-24 is considered good practice.
- 1.3 It should be noted that Members of the Shareholder Committee are not directors, and do not have any direct involvement, in any of the subsidiary bodies.

2. Shareholder Committee – Background and Annual Report 2023/24

- 2.1 The creation of the Shareholder Committee was agreed by Cabinet in March 2022 to carry out the delegated shareholder responsibilities of the Council. The Shareholder Committee forms part of the overall governance arrangements for Buckinghamshire Council in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement). Buckinghamshire Council has a number of mainly property based subsidiary companies and limited liability partnerships in place which were inherited from legacy Councils.
- 2.2 The Committee has met four times during the 2023-24 period. The Committee has focused on and undertaken a number of key pieces of work. This includes reviewing business plans and the financial positions of each company/joint venture as well as reviewing best practice regularly at each meeting and undertaking annual reviews of company articles of association and the Committee Terms of Reference.
- 2.3 During the year the Committee has recommended the creation of a pool of trained potential future directors of companies, all of whom have attended training with an external provider. The Committee has also agreed the scope and considered findings of an internal audit as well as strengthening risk management arrangements of the companies.
- 2.4 In addition to maintaining an oversight of key risks and governance issues, the Committee's priorities for 2024-25 include a focus on the future of the companies, particularly Buckinghamshire Advantage and Consilio Property Limited, to assess the benefits the companies bring to the Council and whether there are additional financial savings which could be achieved. The Committee will also continuously review best practice / learning from other local authority companies and review progress against its action plan which takes in to account the findings from the internal audit undertaken.
- 2.5 The 2023-24 Annual report is attached at Appendix 1.

3. Other options considered

- 3.1 Not applicable

4. Legal and financial implications

- 4.1 None specific, although understanding the financial position of each company has been a key part of the Committee's focus. Any decision around the winding up of any of the entities would have significant financial implications and legal issues to consider. These would be fully considered and reported to Cabinet in any such instance. The Committee has followed best practice guidance throughout the year.

5. Corporate implications

- 5.1 None. The formation of the Shareholder Committee was consistent with guidance issued by recognised bodies such as CIPFA and the best practice advice in the Local Authorities Companies Review Guidance led by Max Caller, Strategic Adviser and Former Lead Inspector for HM Government.

6. Communication, engagement & further consultation

- 6.1 The annual report is presented to the Shareholder Committee in its draft form for Members to comment on and make suggestions for improvements. Comments and feedback from the Shareholder Committee will then be incorporated into the final version of the annual report which will be presented to Cabinet on 7 May 2024.
- 6.2 Dependant on the outcome of the discussion of other agenda items scheduled for the Committee meeting on 13 March 2024, the Committee may wish to suggest further inclusions in to the annual report.

7. Next steps and review

- 7.1 The final version of the annual report will be presented to Cabinet on 7 May 2024.
- 7.2 The Forward Plan of work for 2024-25 is currently being formalised, this work will include, amongst other things, the future aims and purposes of each entity, the six-monthly review of company risk registers, receiving 2023-24 financial statements, developing measures to help assess the performance and financial standing of the entities, regularly reviewing best practice and reviewing 2025-26 Business Plans. The Committee has a minimum of four meetings planned for the ensuing Municipal Year and will produce a further Annual Report for Cabinet in May 2025, escalating anything as appropriate in the meantime.

8. Background papers

[Buckinghamshire Shareholder Committee Papers](#)

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Buckinghamshire Shareholder Committee Annual Report 2023/24

Date: 7 May 2024

Foreword

As Chairman of the Buckinghamshire Shareholder Committee, I am pleased to present our second annual report to Cabinet. I would like to record my thanks to fellow Cabinet colleagues, who are Members of the Committee, for their valuable input and effective questioning of our subsidiary bodies as well as to the supporting officers and those representatives from the respective companies/joint ventures who have attended meetings and answered our many challenging questions and requests for information.

On behalf of the Cabinet, the Committee carries out the shareholder responsibilities of the Council. In doing so it strengthens the proper governance of the Council's subsidiaries, an area ever more important in the economic climate local authorities currently find themselves in. Amongst a range of responsibilities, the Committee safeguards the Council's interests by providing effective oversight of each subsidiary, particularly in respect of their business plans, finances and other high-risk areas; the Committee ensures that policies and boundaries established by the Council are adhered to; and that whilst the Committee has no direct operational input, due diligence is undertaken on each company to ensure liabilities are known and accounted for.

This report summarises the main areas which have been reviewed and challenged throughout the year. During the year, the work of the Committee has included reviewing best practice in relation to company governance, agreeing the scope of an internal audit and considering the resulting recommendations, ensuring entities have established risk registers, approving the creation of a now established pool of potential future company Directors, and undertaking annual reviews of company Articles of Association and the Committee's Terms of Reference. The Committee has also reviewed each subsidiaries Business Plans for the forthcoming year along with their respective financial positions, with a focus on the future direction of the subsidiaries to ensure that each has a clear purpose and can deliver benefits to the Council, and ultimately Buckinghamshire's residents.

Councillor John Chilver

Chairman of the Buckinghamshire Shareholder Committee



Councillor John Chilver,
Chairman of the
Shareholder Committee
& Cabinet Member for
Accessible Housing and
Resources

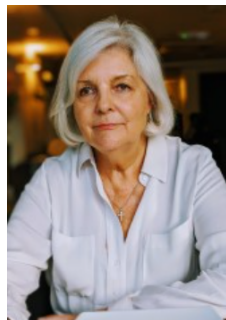
Committee Members



Councillor John Chilver,
Chairman of the
Shareholder Committee
& Cabinet Member for
Accessible Housing and
Resources



**Councillor Steve
Broadbent**, Deputy
Leader and Cabinet
Member for Transport



**Councillor Anita
Cranmer**, Cabinet
Member for Education
and Children's Services



**Councillor Peter
Strachan**, Cabinet
Member for Planning
and Regeneration

Introduction and Background

The Shareholder Committee has a formal delegation from Cabinet to fulfil the Council's responsibilities as the shareholder in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement). In doing so, the Committee forms part of the overall company governance arrangements for Buckinghamshire Council. The Council has a number of mainly property based subsidiary companies and limited liability partnerships in place. The Committee focuses on Aylesbury Vale Estates, a joint venture with Akeman Asset Management, Consilio Property Limited, and Buckinghamshire Advantage, which was originally the operational arm of the Buckinghamshire Local Enterprise Partnership. The Committee also has oversight of London Road Business Park Management Ltd. Each of the subsidiary companies were established by legacy Councils prior to the unitary authority coming into effect in April 2020.

Members of the Shareholder Committee are not directors, and do not have any direct involvement, in any of the subsidiary bodies. To avoid conflicts of interest, Cabinet Members with portfolios directly related to the companies' objectives are not ordinarily considered for appointment to the Committee. The Committee aims to ensure that the Council's companies and limited liability partnerships act in the interests of the Council as shareholder, receive assurance that best practice is being adhered to in delivering statutory arrangements and that investment returns and/or what the businesses offer will help to ensure that the Council continues to deliver quality services to our residents.

Audit reports coming out of other local authority arrangements relating to wholly or partly owned companies stress the need to ensure that sufficient checks and balances are in place and in particular that risks are appropriately managed, that there is an effective scrutiny function and that challenge of political priorities by both members and officers is seen as a positive. This provides an important message that all councils who have established commercial entities should be alive to what is referred to as “institutional blindness”. The Council also recognised that external auditors had issued public interest reports where local authority companies had performed poorly and governance arrangements were found to be inadequate.

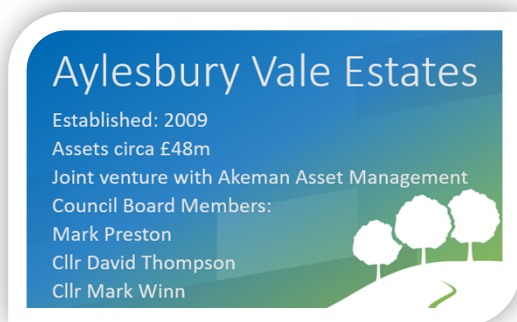
The creation of the Shareholder Committee in March 2022 was consistent with guidance issued by recognised bodies such as CIPFA and the best practice advice in the Local Authorities Company Review Guidance led by Max Caller, Strategic Adviser and Former Lead Inspector for HM Government.



Areas the Committee has focused on in 2023-24

The Shareholder Committee met four times during the 2023-24 period. With this being the second year that the Committee has operated, the Committee was able to plan its work programme effectively to review key areas identified throughout its inaugural year.

The Committee has again reviewed the annual business plans and financial positions of each of the subsidiary companies, including loan structures. In addition, the Committee has focused on best practice in terms of company governance, ensuring companies have established risk registers, and that there is resilience through having a pool of potential future company directors. The potential pool of directors have since attended a training session covering the role of directors and how successful companies should operate. The Committee has also undertaken an annual review of articles of association and the Committee’s terms of reference.



Aylesbury Vale Estates
 Established: 2009
 Assets circa £48m
 Joint venture with Akeman Asset Management
 Council Board Members:
 Mark Preston
 Cllr David Thompson
 Cllr Mark Winn



Consilio Property Ltd.
 Established: 2017
 Assets circa £30m
 Wholly owned by Buckinghamshire Council
 Directors:
 Nigel Dicker
 David Pearce



Buckinghamshire Advantage
 Established 2013
 Wholly owned by Buckinghamshire Council
 Assets circa £360k
 Directors:
 Cllr Steve Bowles
 Richard Harrington
 Lisa Michelson

Best Practice Review and Action Plan – Governance

Since 2021, a body of best practice has been developed for local authority company governance. This followed Government inspections at some local authorities. A resulting toolkit, *Local Authority Company Review Guidance* sets out a checklist for evidencing good governance for councils’ commercial entities. During the year the Committee has assessed the Council’s entity arrangements against this checklist highlighting compliance and areas for further action.

The creation and conduct of the Shareholder Committee since 2022 has greatly improved the Council’s governance of its entities. The extent of current compliance with best practice has been clear and can be viewed within Committee agendas and minutes. This includes areas such as proactively reviewing company business plans, developing conflicts of interest guidance, arranging core training, and establishing processes for the appointment of directors. Each of the 17 areas identified in the checklist have been RAG rated (Red, Amber, Green), with the Amber and Red areas indicating where the Committee can usefully target further work. The Committee undertakes a review of the Amber and Red items as part of the Committee’s Action Plan and reviews progress updates against actions at each meeting. As part of the assessment, an internal audit was arranged covering both the entities operations and the Council’s responsibilities in terms of ensuring good oversight and assurance of the entities.

SUMMARY OF EVIDENCE**1) Council Governance Arrangements**

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
Governance aims					
C1 There should be evidence that the council and senior management recognise the importance of establishing appropriate and proportionate governance arrangements for the oversight of entities	<ul style="list-style-type: none"> The council has sufficient control to ensure that its investment can be obtained and that the activities of the entity are aligned with the values and strategic objectives of the council “Teckal” companies demonstrate compliance with relevant exemption requirements under EU procurement law 	<p>Established specific governance structure in March 2022, as recommended by Max Caller: a Shareholder Committee of the Cabinet to represent the Council’s interests and to effect clear oversight of the entities (meets quarterly).</p> <p>The committee approves the annual business plans of the entities.</p> <p>Leadership Team and Cabinet responded to ‘best practice’ reports arising from the experience of other authorities.</p>	G	None	CMT, Cabinet
C2 There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency,	<ul style="list-style-type: none"> There is a culture of challenge There is a clarity of purpose The entity has clear objectives The entity has sufficient freedoms to achieve its objectives 	<p>Terms of reference of the Shareholder Committee specifically envisage a check and challenge role.</p> <p>Borne out in the action plan of the Committee and the challenge sessions with company</p>	G	None	Shareholder Committee

Example page above of the Shareholder Committee’s Evidence checklist

Internal Audit of Subsidiary Bodies

Closely linked to the Best Practice review, the Committee agreed the scope of an internal audit. This audit aligned to what was deemed best practice and covered both the entities operations and the Council’s responsibilities in terms of ensuring good oversight and assurance of the entities. The recommendations and findings from the internal audit have been added to the Committee’s action plan. These findings included the importance of companies holding up to date articles of association which must be fit for purpose, competent and enforceable; the need for entities to have a clear set of Key Performance Indicators that come out of the business planning process and can be monitored by the Council within the context of the governance framework; a lack of purpose and vision for each entity, particularly in relation to Consilio and Buckinghamshire Advantage; and no register of interests being held for either Buckinghamshire Advantage or Aylesbury Vale Estates. These findings will inform the areas of focus for the Committee moving in to the next municipal year.

Business Plans and Statements of Accounts

In addition to challenging each company/joint venture on performance against their existing Business Plans, the Committee has dedicated time in its final meeting of the 2023-24 year to review the Business Plans for the upcoming financial year and challenged Directors/Board Members on the respective companies’ intentions for the forthcoming year(s). Discussions

have been held with Directors/Board Members of Aylesbury Vale Estates and Buckinghamshire Advantage, whilst Consilio Property Limited's business plan will be reviewed in June 2024.



Through discussions and reports provided, the Committee has a solid understanding of the loan structures, terms and repayments for each company/joint venture, having open discussions around ways each respective company's leadership could approach their open loans. The Committee has also ensured it has knowledge of occupancy levels and tenancy issues of different sites owned by the respective companies.

Whilst it is for the Board and Directors to set the path they wish the businesses to take, the Committee has provided input and feedback on future plans to ensure that they align to Council priorities. Throughout the year, the Committee also reviewed each of the companies' financial accounts for 2022/23.

Members' report and financial statements

For the year ended 31 March 2023

Training and Pool of Directors

Following on from recommendations made by the Committee in the previous municipal year, a pool of potential Directors has been established during 2023/24, along with the principles and outline approach to be used to appoint Directors to subsidiary bodies. Having this pool means that as vacancies arise there is a ready source of potential new Directors who can be quickly appointed. The identified pool of future appropriate Directors attended a training session in October 2023, this session covered the role of Directors and how successful companies should operate.

Many failings within other authorities have been as a direct result of failings of their wholly owned companies so it is critical that directors have the right skills and experience to fulfil their duties, that they fully understand their role and that the governance arrangements for overseeing companies are appropriate. As such, in establishing the pool, the Committee was clear that Directors should possess skills relevant to the companies aims and purpose; that there should not be any obvious or direct conflicts with the persons role at the council; and that there should be a mix of elected Members and Senior Officers.

Director appointments are reviewed annually by the Committee to ensure that their skillsets are appropriate for the companies aims and objectives, and that there are no conflicts with

their day-to-day roles as officers and elected members. All Members of the Committee and Directors will attend refresher training in 2024/25.

Risk Registers

An area the Committee has been cogniscent of is the importance of respective companies risks being identified, monitored and managed appropriately. When formulating the work programme for the year, Risk Registers were identified as a key area to review – primarily, to ensure that the subsidiary companies held their own risk registers and then, to ensure that risks were being identified, rated appropriately, had the applicable internal controls and were being monitored regularly by Directors.



The Committee has reviewed each of the companies newly established risk registers during 2023/24, at which point the quality and relevance to the activities undertaken by each entity was mixed. As a result of the Committee’s scrutiny, these have been improved and will be reviewed half yearly moving forward.

Annual Reviews – Articles of Association and Terms of Reference

Another aspect of best practice guidance is that each local authority company/entity “should have articles of association, documenting its constitution and addressing purpose, conduct of meetings and appointment of directors” or ‘member’s agreement’ with the Council as shareholder making clear the respective roles. A review has been undertaken which considered whether the documents, in each case, meet this requirement, having appropriate coverage for:

- a. The purpose of the entity
- b. The conduct of meetings
- c. The appointment of directors

The existing documents have been reviewed by the Committee for Aylesbury Vale Estates, Buckinghamshire Advantage, Consilio, and London Road Business Park Management Ltd. and the Committee has considered how the best practice criteria was met and identified where improvements can be made. The articles vary in format and are reflective of the circumstances of their origin under the legacy councils, establishing the purpose of the company is important to be articulated clearly as this enables the Committee – and the Cabinet – to fulfil its periodic responsibility to verify that the purpose of the companies aligns with the Council’s objectives. Similarly, the Committee recognises that each can be updated explicitly to reflect that ‘Buckinghamshire Council’ has succeeded the legacy council as the

local authority ‘member’ of the company. Work is now underway with the Directors of each entity to identify the necessary changes to the Articles such as reflecting the purpose of the body and to bring the documents up to date. This was an area also picked up through the internal audit of companies’ governance.

A review of the Committee’s Terms of Reference has also been undertaken and overall the view was taken that these remain fit for purpose, with only minor amendments made to add clarity to what was effectively already happening in practice. This included areas such as tightening the wording around supporting officers attending meetings in terms of avoiding conflicts of interests and the winding up of a company being deemed a significant decision which should be reported through to the Leader and Cabinet following consideration by the Shareholder Committee. The Committee also recommended the addition of reference to company insolvency and the relevant responsibilities around informing the Shareholder Committee at the earliest opportunity when this is foreseen.

BUCKINGHAMSHIRE SHAREHOLDER COMMITTEE	
TERMS OF REFERENCE	
1. OVERVIEW	
1.1	The Shareholder Committee forms part of the overall governance arrangements for Buckinghamshire Council (“the Council”) in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement) (each a “Subsidiary” and together the “Subsidiaries”).
2. CONSTITUTION	
2.1	The members of the Shareholder Committee will be set to 4 Cabinet Members consisting of: <ul style="list-style-type: none"> 2.1.1 Cabinet Member for Accessible Housing and Resources (as Chair); 2.1.2 Cabinet Member for Planning and Regeneration 2.1.3 Two other Cabinet Members to be determined by Cabinet
2.2	Each Shareholder Committee member may nominate an alternate Cabinet Member to attend a meeting in their place provided that said Member is not a Board Member of any of the subsidiaries and thus does not have a conflict of interest.
2.3	The Shareholder Committee will be supported by Council officers as advisors primarily consisting of <ul style="list-style-type: none"> 2.3.1 Section 151 officer 2.3.2 Director of Property and Assets 2.3.3 Director of Major Projects 2.3.4 Chief Legal Officer or representative 2.3.5 Other such officers as may be required including an officer/Member from the service the company or JV is supporting or suitably experienced non-Executive Director.
2.4	Committee advisory officer may nominate an alternate officer to attend a meeting in their place <u>provided that said officer is not a Board Member of any of the subsidiaries and thus does not have a conflict of interest.</u>
2.5	The Shareholder Committee will appoint the Cabinet Member for Accessible Housing and Resources as Chair of the Shareholder Committee. If the Chair is not present at the start of a meeting of the Shareholder Committee, those members present will appoint one of the members present to chair that meeting.
2.6	Additional advisors, who do not need to be officers or members of the Council, may be invited to attend the Shareholder Committee as required.
2.7	The Committee will need to follow and have regard to the rules set out in the Constitution including the finance procedure rules.

The year to come and 2024-25 priorities

The Shareholder Committee has undertaken vitally important work over the past year, with governance and oversight of local authority companies in the current economic climate continuing to be a critical area of focus. This work will continue in to 2024-25, with the Committee continuing to ensure that each entity has satisfactory governance arrangements, performance, and effective risk management. Each entity will face its own challenges, and understanding the future of each and their future role and purpose will be a key focus of the Committee. The Committee acknowledges that the respective companies need to offer benefits to the Council, which the Council itself is unable to deliver on its own. Buckinghamshire Advantage is centred on the Woodlands project, and once this project is completed will need to make important decisions around its future.

The Committee’s priorities for 2024-25, which are captured within the Committee’s action plan include a continuous review of governance best practice; strengthening risk management arrangements of the companies through risk register reviews; assessing performance against business plans; considering the future direction of entities; developing measures for the Council to assess company performance; entities development of their key

performance indicators for the Committee to review and challenge; and performing its annual reviews in respect of Director appointments and Articles of Association.

The Committee, acting as Shareholders, will continue to ensure that the Council's interests are safeguarded, and ultimately best value is achieved for residents and businesses of Buckinghamshire.



Report to Shareholder Committee

Date:	13 March 2024
Title:	Best Practice Review (Governance) - Update
Relevant councillor(s):	All
Author and/or contact officer:	Nick Graham, Service Director, Legal and Democratic Richard Ambrose, Director – Major Projects Contact officer: Glenn Watson, Principal Governance Officer.
Ward(s) affected:	All

Recommendations:

To note the update as regards the Amber and Red actions identified in the recent Best Practice Self-Assessment, itemised at Annex 1;

Reason for decision:

In October 2023, the Committee undertook a best practice self-assessment on company governance. It was agreed to adopt Amber and Red rated actions arising from the assessment as part of the Committee's action plan and to receive updates at each meeting. This is the second such update. The action plan can be updated further as a result of the Internal Audit into company governance that was undertaken between December and January.

1. Background:

1.1 The Council undertook a self-assessment using the checklist within the *Local Authority Company Review Guidance (2021)*. This guidance has since been updated but the checklist remains substantially the same. Following the assessment, actions were rated Green, Amber and Red. The Amber/Red items were incorporated into the Committee's action plan.

2. Update on Amber/Red actions

2.1 Annex 1 includes a note on each identified action. Importantly, as noted by the Committee at its last meeting, a periodic Internal Audit was undertaken on company governance during December and January. This action plan can be updated to reflect the conclusions of the Internal Audit once the Committee has considered them.

3. Updated Guidance: *Local Authority Company Review Guidance (2023)*

3.1 The [updated guidance](#) is substantially the same. The main changes are:

- A new foreword from Max Caller, former government inspector, reflecting on the importance for all councils involved with companies to “maintain a watching brief”
- New section 7: “guidance checklist for elected members”: a useful set of bullet points suggesting areas of focus for councillors – particularly those on a shareholder, scrutiny or audit committee
- Checklist criteria: slightly amended explanations of unchanged criteria
- New section 10: set of case studies

3.2 **Annex 2** contains the Guidance’s ‘best practice questions’ that members of a shareholder committee can usefully bear in mind in overseeing their entity governance.

3.3 The Council’s Audit & Governance Committee is scheduled to consider an annual report on company governance at its meeting on 6 March. This is in the context of the Audit & Governance Committee’s remit for overseeing the effectiveness of the Council’s governance arrangements generally. A verbal update can be made to the Shareholder Committee of any points made by the Audit & Governance Committee.

4. Internal Audit and Next steps

4.1 Internal Audit’s report on the Council’s company governance is included as a separate item on the agenda. This Committee’s own self-assessment can be updated to reflect the audit findings once the Committee has considered them.

4.2 The next annual self-assessment will take place in early Autumn 2024 and is scheduled to be reported to the Committee in October 2024.

5. Legal and financial implications

5.1 The recommendations in this report contain no legal implications. The Council has shareholding interests and responsibilities in the Council’s commercial entities. Cabinet has delegated this specific responsibility to the Shareholder Committee. The discretion to apply the actions recommended in this report lies with the Committee.

5.2 There are no financial implications arising from the recommendations in the report; their implementation would not, themselves, require additional resource.

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Annex 1

Buckinghamshire Council – Shareholder Committee

Best Practice Checklist – update on amber/red actions

C = council related action E = entity related action

Red Rating		Update
C9	Undertake a review of each entity’s internal structure and performance mechanisms	Shareholder Committee to establish KPIs for reviewing each entity. See C8 below.
E1	The entity’s articles of association should be clear, up-to date, and reflective of how the entity is run	This Committee identified at its last meeting that the Articles are not consistently up to date, for example with references to legacy councils rather than the present Council. Directors to review in liaison with the Council.
E7	Evidence that the board has clear policies and procedures for its members to ensure that actual or potential conflicts of interests are identified, declared and acted upon	Under review. Any Internal Audit outcome to be considered.
Amber Rating		Update
C8	Establish clear Key Performance Indicators (KPIs) – to enable measurement of the entities’ alignment to the Council’s strategic objectives	This Committee has identified the need to monitor the alignment of entity performance with the Council’s strategic objectives and reviewing against KPIs will form part of this. Any Internal Audit outcome to be considered.

C3 & C15	Potential for the Committee, as part of its annual review of each entity, to consider “whether the entity provides the most effective vehicle to deliver the outcomes it requires and whether there are suitable alternatives”.	Shareholder Committee to consider as part of annual review of each entity – at the meeting on 13 March 2024
C4	Annual review of its own terms of reference. Annual report to Cabinet on terms of reference; and on entities’ health and alignment to Council’s strategic objectives.	Considered by the Committee on 10 January 2024
C5	Further training arranged in October 2023 for the current director who missed the previous training and for potential future directors of companies	Completed.
C7	Connections with the work programmes for the Audit & Governance Committee; and Select Committee	Audit & Governance Committee scheduled to consider an annual report on company governance arrangements in March 2024, following the outcome of the Internal Audit and reflecting upon the self-assessment best practice review.
C10	Review of performance quality (including KPIs) to be reported (alongside financial performance)	Shareholder Committee to consider as part of annual review of each entity – at the meeting on 13 March 2024
C11 & C14	Further review of risks relating to both Consilio and Aylesbury Vale Estates to come to the next meeting and then on a six-monthly basis Review updated business case for Consilio that is due to come to the next Shareholder Committee meeting	To be considered at the Shareholder Committee in March 2024.
C13	Review audit findings following internal audit review of subsidiary bodies in Q3 2023/24	Verbal update to Shareholder Committee on 10 January 2024 Full update to Shareholder Committee on 13 March 2024
E3	Review the internal governance and decision-making mechanisms of each company/entity (via internal audit review in Q3)	Request each entity to complete answers to questions E3 to E7 for consideration by the Committee – May 2024. No additional comment from Internal Audit

E10	Committee to ask for information on the entity's scheme of delegation and the extent of authorities under it	Any Internal Audit outcome to be considered.
E12	There should be evidence that board membership is reviewed regularly for composition and fitness for purpose	Any Internal Audit outcome to be considered
E13 E14 E15 E19 E24	<p>In the internal audit review in Q3, review the entities' own means of:</p> <ul style="list-style-type: none"> a) assessing and managing risk b) assessing skills in practice c) identifying, delivering, reviewing and recording training and the scope d) role of the Chair of each Board e) financial procedures f) internal controls 	A short pro forma can be developed between the Shareholder Committee and the entities, for use by both, for assessing the range of skills of potential and actual board members – based on the best practice categories of commercial, financial, business development, technical, legal and HR experience. Entities could then conduct a review against the pro forma each year.
E19 E20	<p>Authorise a Shareholder Committee representative to observe a meeting(s) of each entity's board to view the role in practice (re: culture and conduct of meetings)</p> <p>Undertake occasional review of Board reports (content, quality, topic)</p>	Shareholder Committee agreed to this at the 10 January 2024 meeting.

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Annex 2

Extract: *Local Authority Company Review Guidance (2023)*

Section 7: Guidance Checklist for Elected Members

“For members within the shareholder function:

1. Is there a full and transparent audit trail of documented decisions in relation to the entity?
2. Is there an ongoing assessment of value for money and quality offered by the entity through an adequately resourced monitoring function, which takes account of factors such as changes to market conditions and council priorities?
3. Are business plans used to drive the performance of the entity against agreed targets?
4. Are external experts engaged and reliance placed on their advice to mitigate the council’s own risk?
5. Is there satisfactory evidence of effective management of financial issues including budget control, financial systems and financial monitoring and reporting?
6. Is it clear how the council as shareholder is able to oversee and challenge the board of the company?
7. Is there an up-to-date shareholder’s agreement which describes the powers of the board of the entity and how and when the shareholder might influence those powers (e.g. in relation to the council’s role in recruiting board members) and is that adhered to?
8. Are officers undertaking the shareholder role provided with suitable training and support commensurate with the role?
9. Does the council have commercial agreements which set out any assistance provided to their companies and the terms for that assistance, such as a loan or a parent guarantee?
10. Are shareholders regularly updated regarding any risks relating to the council’s shareholding in the company?”

(paragraph 7, page 52)

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Buckinghamshire Shareholder Committee Forward Plan 2024/25

Date	Topic	Description & Purpose	Lead Officer
12 June 2024	Review of KPI's relating to each subsidiary body	To review the key performance indicators relating to each subsidiary body.	Directors of Each Subsidiary
	Annual Review of the Director Appointments and Conflicts of Interest Guidance	To undertake an annual review to ensure arrangements remained fit for purpose.	Richard Ambrose / Glenn Watson
	6-month review of Risk Registers (for each subsidiary)	To undertake a six-monthly review of risk registers and understand how risks are escalated and addressed.	Directors of Each Subsidiary
	Annual Business Plan and Financial Budget for Consilio	To review Consilio's 2024/25 Business Plan and financial budget.	David Pearce / Nigel Dicker
	Committee Action Plan update	To receive an update on the red and amber rated items within the Committee's action plan.	Glenn Watson / Richard Ambrose
	Forward Plan	To note and comment on the forward plan	Leslie Ashton
16 October 2024	Annual Best Practice Self-Assessment	To undertake an annual best practice self-assessment of the Committee and entities.	Richard Ambrose / Glenn Watson

	Aylesbury Vale Estates update, and Draft Financial Accounts 2023/24	<ul style="list-style-type: none"> - To consider progress to date, including their financial position (including outstanding loans) - To review the 2023/24 draft financial accounts of AVE 	Mark Preston
	Draft Financial Accounts for Buckinghamshire Advantage 2023/24	To review the 2023/24 financial accounts of Buckinghamshire Advantage	Lisa Michelson / Richard Harrington
	Draft Financial Accounts for Consilio 2023/24	To review the 2023/24 financial accounts of Consilio	David Pearce
	Draft Financial Accounts for London Road Management Company	To review the 2023/24 financial accounts of London Rd Management Company.	Mark Preston
	Committee Action Plan update	To receive an update on the red and amber rated items within the Committee's action plan.	Glenn Watson / Richard Ambrose
	Forward Plan	To note and comment on the forward plan	Leslie Ashton
29 January 2025	Annual Review of Articles of Association	To undertake an annual review of each subsidiary company's Articles of Association.	Richard Ambrose / Glenn Watson Directors of each subsidiary
	Annual Audit Letters	To consider the Annual Audit letter following the external audit of the financial accounts of each subsidiary body.	Richard Ambrose / Dave Skinner

	6-month review of Risk Registers (for each subsidiary)	To undertake a six-monthly review of risk registers and understand how risks are escalated and addressed.	Directors of Each Subsidiary
	Committee Action Plan update	To receive an update on the red and amber rated items within the Committee's action plan.	Glenn Watson / Richard Ambrose
	Buckinghamshire Advantage update	BA to attend to present their progress against business plan to date, including their financial position (including outstanding loans)	Lisa Michelson / Richard Harrington
	Terms of Reference – annual review	To undertake an annual review of the Terms of Reference to ensure that they remain fit for purpose.	Glenn Watson / Richard Ambrose / Leslie Ashton
	Forward Plan	To note and comment on the forward plan	Leslie Ashton
12 March 2025	Annual Business Plan and Financial Budget for each subsidiary body.	To review each respective subsidiary company's 2024/25 Business Plan and financial budget.	Directors of Each Subsidiary
	Annual Shareholder Committee report 2024-25	To comment on and review the 24/25 draft annual report prior to it being presented to Cabinet.	Richard Ambrose / Leslie Ashton
	Committee Action Plan update	To receive an update on the red and amber rated items within the Committee's action plan.	Glenn Watson / Richard Ambrose
	Forward Plan	To note and comment on the forward plan	Leslie Ashton

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