



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.