

**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)