

**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
<b>Governance aims</b>					
<p><b>C1</b> 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</p>	<ul style="list-style-type: none"> <li>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</li> <li>“Teckal” companies demonstrate compliance with relevant exemption requirements under procurement law</li> </ul>	<p>Established specific governance structure in March 2022: a Shareholder Committee of the Cabinet was established to represent the Council’s interests and to effect clear oversight of the entities (meets quarterly). This has met regularly each quarter since. An annual report to Cabinet is produced by the Committee. The Committee approves the annual business plans of the entities.</p> <p>The Audit &amp; Governance Committee receives an annual report on the work of the Committee, in governance terms. The Cabinet received updates as the parent body and to ensure alignment with the Council’s objectives.</p> <p>An Internal Audit took place in 2023/24 and the recommendations have been accepted.</p>	<p>G</p>	<p>None</p>	<p>CMT, Cabinet</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p><b>C2</b> There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity</p>	<ul style="list-style-type: none"> <li>• There is a culture of challenge</li> <li>• There is a clarity of purpose</li> <li>• The entity has clear objectives</li> <li>• The entity has sufficient freedoms to achieve its objectives</li> </ul>	<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 representatives on successive agendas.</p> <p>The committee has reviewed the articles of association, annual business plans and the financial position of all of the subsidiary bodies.</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>
<p><b>The council’s shareholder role</b></p>					
<p><b>C3</b> There should be a clearly designated council shareholder role or function which is both understood and recognised by the council and the entity (and documented in</p>	<ul style="list-style-type: none"> <li>• The council has a designated “shareholder” role to represent its ownership of the entity</li> <li>• The shareholder provides oversight of any decisions taken by the entity</li> <li>• The shareholder provides a regular review of whether the entity provides the most effective vehicle to deliver</li> </ul>	<p>Shareholder Committee established July 2022 with terms of reference to carry out the Council’s shareholder role and scrutinise the purpose and effectiveness of the companies.</p> <p>The Committee has reviewed the purpose of the entities and questioned the need for one of these (Consilio).</p>	<p>G</p>	<p>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”.</p>	<p>Cabinet, Shareholder Committee</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
terms of reference)	the outcomes it requires and whether there are suitable alternatives <ul style="list-style-type: none"> <li>The process for appointing a shareholder is set out in terms of reference</li> </ul>	The process for appointing members to the Committee is set out in the terms of reference.  Cabinet is the parent body.			
<b>C4</b> There should be clarity regarding the role of shareholder, with reserved matters clearly documented and updated as required, reflecting any changes made as the entity has developed, in a shareholder’s agreement (or as set out in the company’s governing articles of association)	The shareholder’s agreement describes the powers of the board and when the shareholder might influence those powers. Reserved matters may include: <ul style="list-style-type: none"> <li>approval of annual business plan</li> <li>approval of significant contracts (above a specified threshold value)</li> <li>admission of new shareholders</li> <li>declaring dividends</li> <li>charging/mortgaging assets</li> <li>approval of activities not in the business plan</li> <li>appointing/removing directors</li> <li>buying/selling significant assets</li> </ul>	Cabinet-level membership of the Committee; senior officer support – to assist ensuring alignment to strategic objectives.  Annual report covering the activities of the committee is reported to Cabinet.  Committee periodically reviews agreements/articles of association	A	Review of articles/agreements under way in accordance with this requirement and as endorsed by the Committee following an Internal Audit. (Internal Audit tracking and action due by end of October 2024)..  Consider incorporating relevant checklist bullet points into Articles/Agreements (e.g. approval of significant contracts, approval of significant activities not in the business plan, taking out new loans)	Cabinet, Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
	<ul style="list-style-type: none"> <li>• taking out loans above a specified threshold value</li> <li>• winding up the company</li> <li>• If the council is the sole shareholder, and a shareholder’s agreement has been deemed unnecessary, an appropriate alternative document can be produced</li> <li>• Evidence (minutes) that the meetings have taken place and that the relevant individuals have attended</li> </ul>				
<p><b>C5</b> There should be evidence that the individual undertaking the shareholder role is provided with suitable training and support commensurate with the role</p>	<ul style="list-style-type: none"> <li>• The role and responsibilities of the shareholder are reviewed regularly by members</li> <li>• Regular 360° reviews with representatives from the entity and the council are conducted</li> <li>• The council has developed requirements for shareholder training</li> </ul>	<p>Training took place for all members of the Committee, its supporting officers and the company directors in September 2022 and annually since (next scheduled October 2024). Well attended with great feedback received, thus far.</p> <p>Representatives of each entity invited to reviews of each body throughout the year</p>	G	Further training arranged for October 2024	Cabinet

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
		<p>additionally skills audit has been implemented and undertaken annually for current directors and pool of potential directors</p>			
<p><b>C6</b> There should be evidence of formal periodic shareholder/Chair/CEO meetings with effective supporting papers to inform subsequent company board meetings</p>	<ul style="list-style-type: none"> <li>• The shareholder has a mechanism to communicate its view to the entity</li> <li>• Periodic and effective shareholder/Chair/CEO meetings are documented</li> </ul>	<p>Shareholder Committee provides a formal forum for engagement with the entities. Representatives of the entities are invited to present reports.</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>
<p>Council oversight, scrutiny, and governance framework</p>					
<p><b>C7</b> There should be documented evidence of transparent member and officer scrutiny, oversight, and</p>	<ul style="list-style-type: none"> <li>• There is a clearly defined governance framework underpinned by clear governance principles</li> <li>• The role of shareholder is separate from the board</li> <li>• The business plan is current and updated at least annually</li> </ul>	<p>Shareholder Committee clearly established to terms of reference separate from Cabinet, with delegated responsibilities.</p> <p>Shareholder Committee meetings cover review and approval of the annual business plans.</p>	<p>G</p>	<p>Select Committee to be aware of the work of the Committee and have the opportunity to reflect it in Select Committee forward plan.</p>	<p>Director of Legal and Democratic Services</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
approval of business plans	<ul style="list-style-type: none"> <li>The business plan is challenged and monitored by the board</li> </ul>	Linkage made with the Audit & Governance Committee which takes an annual look at the Council's company governance arrangements.			
<b>C8</b> There should be evidence of a clear set of KPIs that fall out of the business planning process	<ul style="list-style-type: none"> <li>The council regularly undertakes an objective assessment of how successfully each entity supports it polices and strategies</li> <li>KPI's are relevant to "SMARTER" goals</li> <li>KPIs are reported and monitored within the context of the governance framework</li> <li>Remedial actions are implemented and monitored if KPIs are not met</li> </ul>	<p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions.</p> <p>The Shareholder Committee held challenge sessions with each entity on their KPIs in addition to annual business planning reviews.</p>	G	Continue to add KPI reviews into work programme of the Committee	Shareholder Committee, Company Directors
<b>C9</b> There should be evidence that senior company staff are performance managed against KPIs	<ul style="list-style-type: none"> <li>Board, committee, chair, and director performance is evaluated annually, including against agreed KPIs</li> <li>Performance management routines e.g. annual appraisals, connection to personal objectives</li> </ul>	<p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions.</p> <p>Skills audits for all directors have been introduced to assist in</p>	G	Continue to undertake a review of each entity's internal structure and performance mechanisms.	Shareholder Committee, Company Directors

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p><b>C10</b> There should be evidence of ongoing assessment of value-for-money and quality offered by the entity through an adequately resourced monitoring function</p>	<ul style="list-style-type: none"> <li>• Contract management resource within the Council where services are provided by the entity</li> <li>• Regular reviews take account of value-for-money and performance quality, for example benchmarking against similar services at other authorities</li> <li>• Budget setting and business planning takes account of such value for money assessment rather than approving entity payments ‘on the nod’.</li> </ul>	<p>achieving balance boards and performance reviews.</p> <p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions (including review of entities annual accounts).</p> <p>Review of performance quality (including KPIs) is reported (alongside financial performance)..</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>
<p><b>C11</b> There should be ongoing assessment of risks relating to the entity, supported by processes to ensure that risks are managed as part of the council’s overall</p>	<ul style="list-style-type: none"> <li>• The council regularly reviews risks relating to its entities and establishes whether they are effectively managed and scrutinised</li> <li>• The council's overview and scrutiny committee (or equivalent) provides overview, pre-decision scrutiny and call-in decisions in relation to the entity</li> </ul>	<p>The Shareholder Committee has reviewed risks registers of the subsidiary bodies.</p> <p>Internal Audit has taken place of the council’s and entities’ to assist in risk assessment and is now reflected in the Council’s Business Assurance Team work programme</p>	<p>G</p>	<p>Further review of risks relating to the entities on a six-monthly basis.</p>	<p>Shareholder Committee, Audit &amp; Governance Committee, Chief Internal Auditor</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
risk management approach, with appropriate escalation and reporting					
<b>C12</b> There should be evidence of a consistent approach across the council when it comes to engaging with its entities	<ul style="list-style-type: none"> <li>All council entities are managed in a consistent way with appropriate support, guidance and controls</li> </ul>	Performance of the entities is monitored through structured agenda items/reports/challenge sessions.	G	None	Shareholder Committee
<b>C13</b> The council's shareholder function and auditors should have clear and unfettered access to audited accounts for its entities	<ul style="list-style-type: none"> <li>The council's audit committee pays specific attention to accounts and audit reports</li> <li>The council's internal auditors are able to gain clear and transparent access to financial information and oversight of internal controls</li> </ul>	<p>Group accounts produced for main subsidiary bodies and audited as part of the overall Buckinghamshire Council accounts (approved by Audit &amp; Governance Committee).</p> <p>Internal audit of entities took place during Q3 2023/24.</p>	G	None	Shareholder Committee, Audit & Governance Committee, Chief Internal Auditor
<b>Business Case for the entity</b>					
<b>C14</b> A business case which assessed the risk	<ul style="list-style-type: none"> <li>There is a clear and comprehensive business case</li> </ul>	Original business cases were pre-unitary. Purpose of companies has been reviewed and challenged,	A	Continue to ensure the purpose of each entity is refreshed in the shareholder	Cabinet, Shareholder Committee



Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review	<p>that recommended the creation of the entity</p> <ul style="list-style-type: none"> <li>• The business case took account of alternative delivery methods, with the case for the entity’s creation having clear benefits over other methods</li> <li>• The business case is up to date and reflects the current trading environment of the entity</li> </ul>	<p>particularly for Consilio both in terms of the commercial acquisitions within it and the viability of future affordable housing proposals.</p> <p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions.</p> <p>Review of the purpose and effectiveness of each entity is part of the Shareholder Committee’s work programme. Reporting in to Cabinet maintains the opportunity to check and challenge the ongoing purpose of each entity.</p>		agreement/articles of each and regularly reviewed.	
<b>C15</b> Objectives of the entity defined and documented, and regularly reviewed to ensure that its operation continues to support council policy and strategy, including periodically	<ul style="list-style-type: none"> <li>• The objectives of the entity are clearly articulated, defined and documented</li> <li>• The objectives are regularly reviewed</li> <li>• The objectives continue to reflect council policy and strategy</li> <li>• The business case and objectives are regularly reviewed to ensure they are still valid</li> </ul>	Objectives as articulated within articles of memorandum and business plan will be reviewed on an annual basis.	G	Each annual review to consider the objectives of each entity and whether it provides the most effective vehicle to deliver the outcomes it requires and whether there are suitable alternatives.	Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
reviewing the business case to ensure it is still valid					
<b>Agreements with the entity</b>					
<b>C16</b> Agreements should be documented between the council and the entity for any support or services provided by either party to the other party	<ul style="list-style-type: none"> <li>The council and entity have clear and commented agreements for any services or support provided by either party to the other party</li> <li>There is a clear process for escalation if the support or services agreements are not performed to either party's satisfaction</li> </ul>	<p>These have been reviewed and little support or services provided directly.</p> <p>Shareholder Committee provided with clear means of escalation if support or service arrangements are found wanting.</p>	G	None	Shareholder Committee
<b>C17</b> All agreements should be clear, up-to-date and regularly monitored and reviewed, with any changes to agreements documented so that a clear audit trail exists	<ul style="list-style-type: none"> <li>Agreements for support or services between the parties are up-to-date and regularly monitored and reviewed</li> <li>Changes to agreements are documented with a clear audit trail</li> </ul>	As above (C16).	G	None	Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<b>Avoiding and managing conflicts of interest</b>					
<p><b>C18</b> There should be evidence that a culture exists whereby actual or potential conflicts of interests are identified, declared, and acted upon, including evidence of appropriate training across the organisation</p>	<ul style="list-style-type: none"> <li>All parties are trained and demonstrate a commitment to avoiding and monitoring actual or potential conflicts</li> <li>Articles of Association contain mechanisms for approving known or situational conflicts that are not materially detrimental to the arrangement</li> </ul>	<p>Bespoke conflicts of interest policy commissioned by the Committee and adopted in January 2023, based on the publication “Local Authority Company Review Guidance” and other best practice sources and reviewed annually, most recently in June 2024</p> <p>Members of the Committee and directors of the entities provided with a copy of the guidance.</p> <p>Interests forms part of the annual training for the Committee and directors in September 2023.</p> <p>Articles of association reviewed during 23/24 and as part of the Internal Audit and checked for mechanisms for approving/resolving issues.</p>	G	<p>Work programme 24/25 to contain annual review of conflicts guidance, follow up on Internal Audit actions and inclusion of conflicts of interest as part of the annual training (October 2024)</p>	Shareholder Committee
<p><b>C19</b> The council should have clear and up-to-date</p>	<ul style="list-style-type: none"> <li>There is a clear conflict of interest policy which is managed actively</li> </ul>	<p>Conflicts of Interest Policy established a process for managing</p>	G	<p>Audit &amp; Governance Committee annual review of</p>	Shareholder Committee, Director of

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p>polices and processes to consistently manage actual conflicts or potential conflicts of interest, including a clear process for investigations and procedures for appropriate disciplinary actions in the event of breaches</p>	<ul style="list-style-type: none"> <li>• There is a clear process for investigation and dealing with breaches of the conflicts of interest policy</li> <li>• Internal and external auditors review the management of conflicts of interest and escalate any concerns to the Monitoring Officer</li> </ul>	<p>interests, overseen by the Monitoring Officer.</p> <p>Policy reviewed annually by the Committee (last in June 2024).</p> <p>Internal Audit (Q3, 23/24) included a satisfactory review of the policy in its evidence base</p> <p>Audit &amp; Governance Committee also reviewed the Policy as part of its annual review of company governance arrangements in March 2024</p>		<p>company governance (scheduled for March 2025)</p>	<p>Legal and Democratic Services</p>
<p><b>C20</b> The roles, responsibilities and reporting lines of officers and members who are involved in council oversight of the entities, the provision of services between the entities or the running of the entities should be</p>	<ul style="list-style-type: none"> <li>• Officers and members make themselves available to scrutiny and other council governance forums</li> </ul>	<p>Officers regularly attend the meetings of the Shareholder Committee in their public and exempt sessions.</p> <p>Pen portrait and skills audit produced of members of the committee, officers supporting the committee and directors</p> <p>Roles are also referenced and their difference explained in the Conflicts of Interest Guidance</p>	<p>G</p>	<p>None.</p>	<p>CMT, Shareholder Committee</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
clearly defined and documented					
Council appointments to the board					
<p><b>C21</b> There should be evidence that appointments to the board are subject to a documented formal, rigorous, and transparent procedure based on merit and published objective criteria which also promote diversity</p>	<ul style="list-style-type: none"> <li>• Board members have completed declaration of interest forms</li> <li>• Appointments to the board are relevant to the post or office of the council</li> <li>• Council appointed directors cease to be members if they leave their qualifying roles</li> <li>• The process for the appointment and renewal of directors is set out in the articles of association</li> <li>• If there is a remuneration committee, relevant matters are referred appropriately</li> <li>• Appointments are based on a review of the skills, qualifications, diversity, and other attributes required for the role</li> <li>• Where a board member is eligible for renewal and reappointment, this is subject to considering their performance to date and</li> </ul>	<p>Shareholder Committee commissioned a review of the process for appointing directors and agreed a process in March 2023. The process was consistent with the Committee’s Conflicts of Interest Policy. It is reviewed annually.</p> <p>Nominations to be suggested by Cabinet (for members) and the Council’s senior leadership team – CMT – for officers, based on ability, skills and development; and with avoiding conflicts at the heart of their considerations.</p> <p>Skills audit created and applied – for use in selecting potential directors (pool), actual directors and in achieving a review of current skills</p> <p>Declarations of interest forms completed regularly.</p>	G	None	Shareholder Committee, CMT

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
	skills, and the needs of the board	Pool of Directors reated to ensure appropriate skills are available for future appointments.			
<b>2) Entity Governance Arrangements</b>					
Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<b>Articles of Association</b>					
<b>E1</b> The entity’s articles of association should be clear, up-to-date, and reflective of how the entity is run	<ul style="list-style-type: none"> <li>The entity has articles of association, documenting its constitution</li> <li>The articles address the entity’s purpose, conduct of meetings, and role and appointment of directors</li> <li>If the entity is a Teckal company, the articles demonstrate that the council exercises control</li> </ul>	Articles of Association were reviewed as part of the Internal Audit of company governance; some issues for clarification and update found; action plan created	A	Follow up Internal Audit action plan.  Annual review of articles of association	Shareholder Committee, Director of Legal and Democratic Services
<b>Business Planning</b>					
<b>E2</b> There should be evidence of an up-to-date business plan that is reflective of the current	<ul style="list-style-type: none"> <li>There is an up-to-date business plan, setting out the organisation’s objectives and how these will be resourced and achieved</li> </ul>	Annual business plans approved by entities and reviewed at the Shareholder Committee for comment / endorsement.	G	None	Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
circumstances and environment in which the entity operates	<ul style="list-style-type: none"> <li>Requirements to meet the legal criteria in relation to any Teckal companies are reflected in the business plan</li> </ul>				
<b>Role and behaviours of the board</b>					
<b>E3</b> There should be evidence that the board meets regularly to consider, review and record discussions and conclusions	<ul style="list-style-type: none"> <li>The board meets regularly, and all decisions are recorded and documented</li> <li>Decisions are taken at the appropriate place, including deferral and recommendations of decisions on matters that are reserved for the shareholder</li> </ul>	Performance of the entities is monitored through structured agenda items/reports/challenge sessions.	G	None	Shareholder Committee, Chief Internal Auditor
<b>E4</b> There should be evidence of delivery of strategies and plans including scrutinising key operational and finance performance information	<ul style="list-style-type: none"> <li>The board has delegated detailed scrutiny to committees or directors with appropriate skills, including financial management</li> <li>The board challenges performance and key financial operational reporting</li> </ul>	As above (E3)  Each entity reviewed during Internal Audit and an annual review point agreed for each for reviewing management performance linked to the annual skills review	G	As above (E3)	Shareholder Committee
<b>E5</b> There should be evidence of the	<ul style="list-style-type: none"> <li>The board promotes the success of the company</li> </ul>	As above (E3)	G	As above (E3)	Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
desired culture and behaviours	<ul style="list-style-type: none"> <li>• The board provides entrepreneurial leadership</li> <li>• Prudent and effective controls are demonstrated where risk is assessed and managed</li> <li>• The board sets strategic aims and ensures sufficient resources (financial and human) are available to meet objectives</li> <li>• The board reviews management performance, including that of the CEO/MD and leadership team</li> <li>• The board sets corporate values and standards</li> <li>• The board ensures obligations to shareholders and others are met</li> </ul>				
<b>E6</b> The company structures should be regularly scrutinised in order to ensure they remain fit for purpose	<ul style="list-style-type: none"> <li>• The company structures are regularly reviewed</li> <li>• Financial and performance benchmarking exercises are carried</li> </ul>	As above (E3)	G	As above (E3)	Shareholder Committee



Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<b>E7</b> There should be 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	<ul style="list-style-type: none"> <li>The board regularly monitors conflicts of interest, including with suppliers and users</li> </ul>	<p>As above (E3)</p> <p>Each entity's arrangements reviewed during the Internal Audit and now satisfactory for each.</p>	G	As above (E3)	Shareholder Committee
<b>Role and behaviours of company directors</b>					
<b>E8</b> There should be evidence that directors have sufficient skills and experience to run the entity	<ul style="list-style-type: none"> <li>Directors' skills align well to the organisation's purpose and objectives</li> <li>Directors are trained so that they are competent in undertaking their roles and responsibilities</li> </ul>	<p>Shareholder Committee adopted a process for nominating and appointing directors; this involves a requirement for all potential directors to receive training on the role.</p> <p>Skills audit introduced and reviewed annually.</p>	G	None	Shareholder Committee
<b>E9</b> There should be evidence that directors' behaviours are	<p>Directors:</p> <ul style="list-style-type: none"> <li>Act within their powers</li> <li>Promote the success of the company</li> </ul>	The training approved by the Committee covers these elements.	G	Requirement of entities to comment on Director performance against these principles.	Shareholder Committee

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p>aligned with the requirements of the Companies Act 2006 and the Nolan Principles as well as Cabinet Office’s Code of Conduct for Board Members of Public Bodies</p>	<ul style="list-style-type: none"> <li>• Exercise independent judgement</li> <li>• Exercise reasonable care skill and diligence</li> <li>• Avoid conflicts of interest</li> <li>• Do not accept benefits from third parties</li> <li>• Declare an interest in proposed transactions or arrangements with the company</li> </ul> <p>Directors act in accordance with the seven Nolan Principles</p> <ul style="list-style-type: none"> <li>• Selflessness</li> <li>• Integrity</li> <li>• Objectivity</li> <li>• Accountability</li> <li>• Openness</li> <li>• Honesty</li> <li>• Leadership</li> </ul>	<p>Internal Audit found, and agreed with the entities, that the Board should review management performance, including that of the CEO and leadership team. Non-executive Directors should scrutinise performance of management in meeting agreed goals and monitor reporting of performance.</p>			
<p><b>E10</b> The scope of directors’ authorities should be documented and clear to all parties</p>	<ul style="list-style-type: none"> <li>• Directors’ authorities are demonstrated in a scheme of delegation</li> <li>• The scheme of delegation includes reference to matters that are reserved for board decision and cannot be delegated</li> </ul>	<p>Internal Audit reviewed the entities’ arrangements for delegation and found that these were not consistently in place across each.</p>	<p>A</p>	<p>Follow up the Internal Audit actions – Shareholder Committee has not seen any schemes of delegation for the entities.</p>	<p>Shareholder Committee</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<b>Company Board Composition</b>					
<b>E11</b> There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively	<ul style="list-style-type: none"> <li>There are between five and ten directors on the board</li> <li>At least half of the directors are independent non-executives</li> <li>Appointments to the board are subject to a formal, rigorous, and transparent selection procedure based on merit and published objective criteria</li> </ul>	<p>Shareholder Committee has given express consideration to the number and nature of directors required, proportionately. Nomination and selection procedure agreed. Reviewed annually.</p> <p>Shareholder Committee decisions taken with “Local Authority Company Review Guidance” in mind.</p>	G	None	Shareholder Committee
<b>E12</b> There should be evidence that board membership is reviewed regularly for composition and fitness for purpose	<ul style="list-style-type: none"> <li>Board composition and individual director performance is reviewed periodically to evaluate board composition, the effectiveness of individual contribution, and how effectively board members work together to achieve the objectives of the entity</li> </ul>	<p>Shareholder Committee has given express consideration to the number and nature of directors required, proportionately. Nomination and selection procedure agreed. Skills audit developed and implemented. Annual review of board appointments.</p>	G	None	Shareholder Committee
<b>The board and risk management</b>					
<b>E13</b> There should be evidence that the board	<ul style="list-style-type: none"> <li>The board demonstrates ultimate responsibility for risk management within the</li> </ul>	Risk registers now exist for each entity and these are subject to	G	Periodically check with entities that risk registers are regularly reviewed.	Shareholder Committee,

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p>understands the organisation's risk profile and the effectiveness of key controls and regularly review risks and risk appetite</p>	<p>entity and ensures that appropriate risk management arrangements that are in place</p> <ul style="list-style-type: none"> <li>• The board regularly reviews risks and how they are being managed</li> <li>• The board is aware of its appetite for risk and determines the risk profile for the entity</li> <li>• The board's approach to risk is proportionate and appropriate to its model</li> </ul>	<p>review by the Shareholder Committee.</p> <p>Internal Audit reviewed entity governance and recommended actions to improve risk management arrangements for certain entities.</p>			<p>Chief Internal Auditor</p>
Board members' skills and development					
<p><b>E14</b> There should be documented evidence that the board regularly undertakes a skills audit to ensure that it has an appropriate balance of skills and experience</p>	<ul style="list-style-type: none"> <li>• The board regularly undertakes skills audits</li> <li>• The entity has a board which includes a range of skills and backgrounds including commercial, financial, business development, technical, legal and HR experience</li> </ul>	<p>Consideration of the skills and experience of directors considered as part of their appointment. Skills audit developed and introduced and all current directors required to complete it annually; applied to any new appointments as part of the agreed approach to making appointments.</p>	<p>G</p>	<p>Continue with annual review of the skills audit process</p>	<p>Shareholder Committee, Chief Internal Auditor</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p><b>E15</b> There should be evidence of ongoing professional training provided to ensure that all board members are up to date in their understanding and supported in their roles</p>	<ul style="list-style-type: none"> <li>Regular training and updates cover legal roles and responsibilities, company directors’ roles and companies generally</li> <li>Directors’ training included responsibilities under the Companies Act 2006, Insolvency Act 1986, Bribery Act 2010, Modern Slavery Act 2015, Data Protection Act 2018 and Health and Safety at Work etc. Act 1974</li> </ul>	<p>Annual training for directors, potential directors, Shareholder Committee and supporting officers</p>	<p>G</p>	<p>Annual training (October 2024)</p>	<p>Shareholder Committee, Chief Internal Auditor</p>
<p>The role of executive directors and non-executive directors</p>					
<p><b>E16</b> There is evidence that the role of executive directors is clearly defined and documented</p>	<ul style="list-style-type: none"> <li>Executive directors’ roles are clearly defined and documented</li> <li>Directors’ roles are focused on running the entity’s business activities and implementing the board’s plans and policies</li> </ul>	<p>Training covers the roles and business plans.</p> <p>Roles also articulated in the Conflicts of Interest Guidance</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>
<p><b>E17</b> Non-executive directors are in place to bring an independent judgement to bear</p>	<p>Non-Executive directors:</p> <ul style="list-style-type: none"> <li>Challenge, and contribute to the development of the company’s strategy</li> </ul>	<p>Not applicable for Council’s entities.</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p>on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct</p>	<ul style="list-style-type: none"> <li>• Scrutinise performance of management in meeting agreed goals and monitor reporting of performance</li> <li>• Satisfy themselves on the accuracy of financial information and that financial controls and risk management are robust and defensible</li> <li>• Determine executive directors' remuneration and prime role in appointing/removing senior management</li> </ul>				
<p><b>E18</b> There is documented evidence that the board values the role of non-executive directors, and their views are influential in the board's decisions</p>	<p>The board values its non-executive directors, so that they are able to demonstrate:</p> <ul style="list-style-type: none"> <li>• Sound judgement and an enquiring mind</li> <li>• Knowledge of the business, its operating environment, and issues it faces</li> <li>• Integrity, probity, and high ethical standards</li> <li>• Objectivity as the basis for questioning and challenging</li> </ul>	<p>Not applicable for Council's entities.</p>	<p>G</p>	<p>None</p>	<p>Shareholder Committee</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
	accepted thinking of executives <ul style="list-style-type: none"> <li>• Strong interpersonal skills</li> </ul>				
<b>The role of the board chair</b>					
<p><b>E19</b> There is evidence that the chair provides clear board leadership, supporting directors and chief executive and taking account of shareholders views</p>	<p>The chair is primarily responsible for:</p> <ul style="list-style-type: none"> <li>• The workings of the board</li> <li>• Its balance of membership subject to board and shareholders’ approval</li> <li>• Ensuring that all relevant issues are on the agenda</li> <li>• Ensuring that all directors, executive and non-executive alike, are enabled and encouraged to play their full part in its activities</li> <li>• The chair is able to stand sufficiently back from the day-to-day running of the business to ensure their board is in full control of the company’s affairs</li> </ul> <p>The chair is responsible for:</p> <ul style="list-style-type: none"> <li>• Formulating the board’s strategy</li> </ul>	<p>Training provided covers the role of the chair.</p>	<p>G</p>	<p>Shareholder Committee to follow up on its agreed will for members of the Committee occasionally to observe a meeting(s) of each entity’s board to view the role in practice.</p>	<p>Shareholder Committee, Chief Internal Auditor</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
	<ul style="list-style-type: none"> <li>• Promoting the efficient and effective use of staff and other resources</li> <li>• Delivering high standards in terms of integrity and policy</li> </ul>				
<b>Financial Management</b>					
<p><b>E20</b> There should be a fully documented and approved business plan that is consistent with and no more than 12 months older than the previous business plan. The changes within the updated business plan should accord with the trajectories that are apparent from monthly financial and non-financial performance reports</p>	<ul style="list-style-type: none"> <li>• The business plan and business planning process are critical parts of the governance culture and environment</li> </ul>	<p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions.</p> <p>This involves consideration of business plans.</p>	G	None	Shareholder Committee



Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<b>E21</b> The financial transactions and values attributable to the company within the council's medium term financial plan should agree with the projections in the business plan	<ul style="list-style-type: none"> <li>The business plan provides the basis for monitoring financial performance and feeds into the medium-term financial planning of the council in situations where it expects to receive dividends, loan repayments, capital receipts or provide financial support in terms of working capital or longer-term finance</li> </ul>	<p>Performance of the entities is monitored through structured agenda items/reports/challenge sessions.</p> <p>Loan repayments and dividend amounts expected to be received from AVE are built into the MTFP.</p>	G	None	Shareholder Committee
<b>E22</b> Board reports should include clear presentation of the monthly income and expenditure position of the company as well as a cash flow statement and balance sheet	<ul style="list-style-type: none"> <li>Board reports feature clear articulation of the current financial position of the company in terms of its, trading position (income and expenditure), liquidity (cash flow) and solvency (balance sheet)</li> </ul>	This is undertaken for Consilio.	G	Undertake occasional review of Board reports.	Shareholder Committee
<b>E23</b> There should be evidence of an annual audit letter from the council's	<ul style="list-style-type: none"> <li>The council's external auditor has provided an annual audit letter annually</li> </ul>	Each entities own auditors provide an annual audit letter annually.	G	None	Shareholder Committee, External Auditor, Audit

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
<p>external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company</p>	<ul style="list-style-type: none"> <li>The annual audit letter confirms the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company</li> </ul>	<p>Oversight and operation of council companies and the governance of them features in the External Auditor’s annual letter.</p> <p>Audit &amp; Governance Committee reviews External Audit letter in draft and final form.</p> <p>External Auditor’s letter, commenting on arrangements up to March 2024, noted that acceptability of the arrangements and concluded that “the new shareholder committee appears to provide appropriate oversight of the subsidiary companies and joint ventures”. No recommendations for additional improvement were made.</p>			<p>&amp; Governance Committee</p>
<p><b>E24</b> Documented financial policies and procedures should be available</p>	<ul style="list-style-type: none"> <li>The company has an independent financial status from the council, including separate bank accounts and designated signatories</li> <li>The financial transactions of the company are recorded on the company’s own, separate ledger system and the council is able to</li> </ul>	<p>Separate bank accounts and signatories exist. Audited accounts provide evidence around financial transactions of the entities.</p> <p>Shareholder Committee has not seen evidence of the entities financial policies and procedures.</p>	<p>A</p>	<p>Entities to be asked to share financial policies and procedures so that these can be reviewed by the s151 Officer.</p>	<p>Shareholder Committee, Chief Internal Auditor</p>

Evidence	What should you be able to find?	What evidence have you found?	RAG Rating	Actions Recommended	Responsible person/ body
	<p>demonstrate how the results of the company are consolidated into its own group accounts</p> <ul style="list-style-type: none"> <li>The company has a set of documented financial policies and procedures which describe areas such as borrowing and overdraft limits and levels which are reserved for council approval</li> </ul>				
<p><b>E25</b> There should be evidence of an effective annual internal audit programme</p>	<ul style="list-style-type: none"> <li>The company operates a system of internal controls that are consistent with financial policies and procedures</li> <li>The company’s internal controls are subject to periodic testing by internal auditors</li> </ul>	<p>Internal Audit held in 23/23 (Q3) into company governance and several recommendations were made which the Shareholder Committee is tracking.</p> <p>Company governance part of the Business Assurance Team’s work programme.</p>	<p>G</p>	<p>Follow up Internal Audit recommendations as part of the Committee’s action plans</p>	<p>Chief Internal Auditor</p>