

3.7 The Council's companies

(a) Company objects

Where the Council uses the enabling legislation to create its own companies, either as the sole or as a joint owner, the broad terms of the objects of each Council company will be recorded in its Articles of Association, while its Shareholder Agreement will set out more detailed operational arrangements and the matters which are reserved for determination by the Council as the shareholder. In general, these reserved matters will be key structural and high-level strategic matters rather than the “day-to-day” business and operations of the company, which will be the responsibility of the company directors.

(b) Governance framework

Each Council-owned company is an independent legal entity which is entirely separate from the Council. The company will have its own identity and responsibilities, so cannot be treated as an internal department of the Council. A Council-owned company is required to comply with Company law, its Articles of Association and its Shareholder's Agreement. It is not governed by the Council's Constitution.

(c) Shareholding

The responsibility to represent the Council as shareholder of each company is an executive function. The Leader of the Council may therefore determine the nature of such representation, currently operated through a Shareholder and Joint Venture Group (see Part 3 Annex 1).

The Shareholder and Joint Venture Group will meet the company's directors and representatives at least twice annually to monitor the company's progress, decide any matters falling within its reserved matters, protect the Council's interests and investments in the company and determine the future direction of the company. The Council's Chief Finance Officer and Monitoring Officer will act as advisors to the Shareholder and Joint Venture Group. The Chief Executive or an Executive Director nominated by the Chief Executive will advise the Shareholder and Joint Venture Group on matters of policy.

The activities of the Shareholder and Joint Venture Group will be subject to consideration by the Council's Scrutiny Committee.

(d) Company Board of Directors

The appointment of directors to the Board of a Company is the responsibility of the shareholder(s). The directors hold a fiduciary duty to their company, but at the same time are also accountable to the shareholder(s), and as such owe duties to both the Council and the company.

(e) Contracting

The Council and its companies may choose to contract with each other as separate entities - for example, the Council may appoint a company as its supplier of certain services, while a company may appoint the Council to supply its administrative services. Where the company meets the requirements of the “Teckal exemption” such contracts may be awarded without the need to comply with the full requirements of the Public Contract Regulations 2015 but the Council will need to

ensure it meets its duties as a best value authority (Part 19.11). Where contracting takes place, the Council will have formal agreements in place with the company setting out the terms of the agreed service levels and a procedure for dispute resolution.

(f) Conflicts

As the Council and its companies are separate legal entities, care must be taken to ensure that conflicts of interest are avoided. When Council officers are asked to provide advice in a situation where the interests of the Council and the company are not entirely aligned, individual officers should be assigned to advise or represent one side or the other, but should not act for both. Officers in the senior management structure can authorise officers to undertake delegated functions (Part 4.4). Where an authorising officer has a conflict of interest another officer in the senior management structure, in consultation with the Head of Law and Governance and the Head of Financial Services, can authorise officers to undertake delegated functions as necessary.

...

8. Role of the Scrutiny Committee

8.1 Areas of work of the Scrutiny Committee

Council has appointed one Scrutiny Committee

8.2 What powers does the Scrutiny Committee have?

The Scrutiny Committee can:

- Send reports and recommendations to the Cabinet or Council on anything the Council is responsible for or anything that affects the city or its people
- Consider decisions that have been called in and ask for them to be looked at again (Part 17.1)
- Monitor the Forward Plan and call for reports on items that are coming up
- Require senior officers (Part 9.1), and Cabinet members to attend meetings and answer questions (Part 13)
- Hold public inquiries
- Invite people to meetings and gather evidence from them
- Establish standing and ad hoc panels and review groups to do work and make recommendations.

The membership of panels and review groups will be set by the Scrutiny Committee and can be drawn from all non-executive members but the chair will be accountable to the Scrutiny Committee.

8.3 Roles of the Scrutiny Committee

(a) Developing and reviewing policy

The Scrutiny Committee can:

- Help Council and the Cabinet to develop policy by studying issues in detail
- Carry out research and consultation on policy
- Consider and introduce schemes to involve the public in developing policy

- Work with national, regional and local organisations to promote the interest of local people.

(b) Holding the executive to account

The Scrutiny Committee can:

- Review the performance and decisions of the Cabinet, and Council officers (but not decisions on individual planning or licensing applications)
- Review the Council's progress in achieving its policy aims and performance targets
- Review the performance of individual services
- Review executive decisions in respect of any companies wholly or partly owned by the Council and hold the shareholder to account for the performance of those companies.
- Ask Cabinet members, and senior officers (Part 9.1) questions about their decisions and performance – these may be questions about general performance or about particular decisions and projects.

(c) Managing the budgets for scrutiny

The Scrutiny Committee is responsible for any budgets it is given.

(d) Holding others to account

The Scrutiny Committee can hold other public service providers to account.

This page is intentionally left blank