

Appendix 4

INTERNAL AUDIT

Infrastructure: Council Wholly / Partly-Owned Entities

Governance Self-Assessment DRAFT Briefing Note



A. Executive Summary

Background and Methodology

This self-assessment review was instigated by Internal Audit to support the Council in evaluating the adequacy of its control framework relating to the following wholly or partly-owned entities:

- BCP FuturePlaces
- Bournemouth Development Company LLP (a 50:50 partnership between BCP Council and Muse Places, a Morgan Sindall Group company)
- Bournemouth Building & Maintenance Limited
- Seascope Group Limited (including its subsidiaries Seascope South Limited and Seascope Homes and Property Limited)

This work was based on the principles outlined in the 2021 *“Local Authority Company Review Guidance”* published by Local Partnerships (a joint venture between HM Treasury, the Local Government Association and the Welsh Government), the aim of which is to provide guidance to Local Authorities in ensuring that their company *“governance structures and processes for managing risk are sufficiently robust”* and that *“the entities are meeting Councils’ expectations, delivering real benefits and providing value for money”*.

Self-assessment checklists were created for completion by relevant officers focussing on two different perspectives:

1. Client Side: The Council’s governance arrangements for overseeing its wholly-owned entities and holding them to account
2. Entity Side: Establishment of effective governance arrangements within the entities themselves

Key Findings

Checklist responses and associated future actions proposed by officers have been collated and summarised in Section B below and, along with additional recommendations made by Internal Audit, form the basis of the action plan set out in Section B. They have formed an input to the Council’s 2022/23 Annual Governance Statement and, going forward, will be used by officers to strengthen governance arrangements and by Internal Audit to inform future risk-based audit planning.

Appropriate officers could not be identified to complete the client-side self-assessment checklists for the two Housing companies (BBML and Seascope Group) following the departure of the extant Director of Housing and other subsequent changes in senior personnel. This issue has been raised with the Director of Housing & Communities and a recommendation has been added to Section B accordingly.

The Director of Regeneration and Company Secretary completed the remainder of the checklists and have left the organisation since the self-assessment was completed. The Head of Delivery – Regeneration has taken over the client-side responsibility for FuturePlaces and Bournemouth Development Company, reporting to the Director of Infrastructure. The Head of Democratic Services is now responsible for ensuring that the Company Secretary duties are fulfilled.

Additionally, since the self-assessments were completed, a decision was made by Cabinet in September 2023 to close the BCP FuturePlaces company and bring its development and investment

activities in-house by the end of March 2024. In view of this, actions arising from the self-assessment are included here for completeness but are for information only.

Updated Guidance

In July 2023 the [Local Partnerships guidance](#) was updated, placing greater emphasis on the importance to the Council of ensuring that the strategic fit, risks, benefits, structures, financial and governance arrangements for of any proposed new entity is subject to rigorous consideration prior to approval, supported by a robust, comprehensive and credible business case.

Likewise there is stronger focus on the need for the Council to review these arrangements on a regular ongoing basis and to ensure that the entities continue to deliver in accordance with the initial business case and subsequent annual business plans. Emphasis is also placed on the need to ensure that the entity's objectives and operations remain consistent with the Council's corporate strategy and that they are appropriately taken account of within the Council's oversight, audit, risk management, scrutiny and decision-making arrangements with suitable, sufficient and timely reporting and escalation of risks and issues.

Accordingly revised checklists have been produced with additional supporting guidance notes where appropriate and should be used for any future review or assurance work. These are set out in Section C - Appendices of this report.

Issued on behalf of:	Nigel Stannard, Head of Audit & Management Assurance (Chief Internal Auditor)	
Author	Mina Beckett, Audit Manager	
Date	October 2023	Version Number: v2.00
Distribution	Julian McLaughlin, Director of Infrastructure Kelly Ansell, Director of Housing & Communities Jess Gibbons, Chief Operations Officer Ian O'Donnell, Corporate Director for Resources Sarah Good, Head of Delivery – Regeneration Richard Jones, Head of Democratic Services	

B. Self-Assessments & Action Plans

Self-assessment checklists were completed in respect of each entity as at the end of the 2022/23 financial year, the detailed output of which can be seen in B2 below. Actions arising from these assessments are captured in B1 below with additional recommendations made by Internal Audit arising both from the completion of the original checklists and the updated guidance published in July 2023.

B1. Summary of Actions by Entity

B1.1 BCP Future Places (FP)

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Council (Client) Side		
All actions have been superseded as work is underway to bring Future Places in-house.		

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Future Places (Entity) Side		
All actions have been superseded as work is underway to bring Future Places in-house.		

B1.2 Bournemouth Development Company (BDC)

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Council (Client) Side		
0. Internal Audit Recommendations		
<u>Action</u> : Revised self-assessment checklists should be completed to update and re-assess the Council's governance arrangements in respect of BDC.	Director of Regeneration	31.03.2024
1. Governance Aims		
C1. The Council and senior management recognise the importance of establishing appropriate and proportionate governance arrangements for the oversight of entities		
<u>Action</u> : BDC Board to review the Partnership Business Plan (PBP) previously approved in July 2021 to consider stalled pipeline and BCP Council 2023/24 budget position.	Director of Regeneration	31.12.2023

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
C2. There is a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity		
<u>Action:</u> BDC to revert to a rolling 5 year Partnership Business Plan (the last of which was approved in July 2021) pending BCP Council budget position update.	Director of Regeneration	31.12.2023
4. Business Case for the Entity		
C14. A business case which assessed the risk involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review		
C15. Objectives of the entity should be clearly defined and documented, and regularly reviewed to ensure that its operation continues to support Council policy and strategy, including periodically reviewing the business case to ensure it is still valid		
<u>Action:</u> See C1 and C2 above.		
5. Agreements with the Entity		
C17. All agreements are clear, up-to-date and regularly monitored and reviewed, with any changes to agreements documented so that a clear audit trail exists		
<u>Action:</u> See C1 and C2 above.		

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Bournemouth Development Company (Entity) Side		
0. Internal Audit Recommendations		
<u>Action:</u> Revised self-assessment checklists should be completed to update and reassess BDC's internal governance arrangements.	Director of Regeneration	31.03.2024
2. Business Planning		
E2. There should be evidence of an up-to-date business plan that is reflective of the current circumstances and environment in which the entity operates		
<u>Action:</u> See C1 and C2 above.		
10. Financial Management		
E20. 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		
E21. 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		
<u>Action:</u> See C1 and C2 above.		

B1.3 Bournemouth Building & Maintenance Limited (BBML)		
Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Council (Client) Side		
0. Internal Audit Recommendations		
<u>Action</u> : An appropriate senior officer should be designated as the Council's lead for BBML and updated self-assessment checklists completed to capture and assess the Council's governance arrangements for the company.	Director of Housing & Communities	31.03.2024
Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Bournemouth Building & Maintenance Ltd (Entity) Side		
0. Internal Audit Recommendations		
<u>Action</u> : Revised self-assessment checklists should be completed to update and reassess BBML's internal governance arrangements.	Head of Democratic Services	31.03.2024
3. Role and Behaviour of the Board		
E4. There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information		
<u>Action</u> : Develop Director induction process and ongoing training programme including provision of challenge and scrutiny once new Board members are appointed following the May 2023 election.	Head of Democratic Services	31.03.2024
E5. There should be evidence of desired culture and behaviours		
<u>Action</u> : Corporate Values to be developed once the new Board members are appointed following the May 2023 election.	Head of Democratic Services	31.03.2024
4. Role and Behaviours of Company Directors		
E8. There should be evidence that directors have sufficient skills and experience to run the entity		
E9. There should be evidence that directors' behaviours are 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		
<u>Action</u> : See E4 above.		
E10. The scope of directors' authorities should be documented and clear to all parties		
<u>Action</u> : All powers noted in the statutory documents of the Company to be detailed in the Director induction programme to be rolled-out following changes to be made to Boards after the May 2023 election.	Head of Democratic Services	31.03.2024

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
5. Company Board Composition		
E11. There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively		
E12. There should be evidence that board membership is reviewed regularly for composition and fitness for purpose		
<u>Action:</u> See E4 and E10 above.		
6. The Board and Risk Management		
E13. There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite		
<u>Action:</u> Risk register to be developed for the Company to support discussion of risk at Board meetings.	Head of Democratic Services	31.03.2024
7. Board Members' Skills and Development		
E14. 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		
E15. 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		
<u>Action:</u> See E4 and E10 above.		
8. The Role of Executive Directors and Non-Executive Directors		
E16. There is evidence that the role of executive directors is clearly defined and documented		
E17. Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct		
E18. There is documented evidence that the board values the role of non-executive directors, and their views are influential in the board's decisions		
<u>Action:</u> The possibility of finding voluntary non-executive directors will be examined again following the May 2023 election.	Head of Democratic Services	31.03.2024
9. The Role of the Board Chair		
E19. There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views		
<u>Action:</u> See E4 and E10 above.		

B1.4 Seascope Group & Subsidiaries (SG)

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Council (Client) Side		
0. Internal Audit Recommendations		
<u>Action:</u> An appropriate senior officer should be designated as the Council's lead for the Seascope Group and its subsidiaries and updated self-assessment checklists completed to capture and assess the Council's governance arrangements for the Group and constituent companies.	Director of Housing & Communities	31.03.2024

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
Bournemouth Building & Maintenance Ltd (Entity) Side		
0. Internal Audit Recommendations		
<u>Action:</u> Revised self-assessment checklists should be completed to update and reassess Seascope Group and its subsidiaries' internal governance arrangements.	Head of Democratic Services	31.03.2024
3. Role and Behaviour of the Board		
E4. There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information		
<u>Action:</u> Develop Director induction process and ongoing training programme including provision of challenge and scrutiny once new Board members are appointed following the May 2023 election.	Head of Democratic Services	31.03.2024
E5. There should be evidence of desired culture and behaviours		
<u>Action:</u> Corporate Values to be developed once the new Board members are appointed following the May 2023 election.	Head of Democratic Services	31.03.2024
4. Role and Behaviours of Company Directors		
E8. There should be evidence that directors have sufficient skills and experience to run the entity		
E9. There should be evidence that directors' behaviours are 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		
<u>Action:</u> See E4 above.		
E10. The scope of directors' authorities should be documented and clear to all parties		
<u>Action:</u> All powers noted in the statutory documents of the Company to be detailed in the Director induction programme to be rolled-out following changes to be made to Boards after the May 2023 election.	Head of Democratic Services	31.03.2024

Self-Assessment Action / Internal Audit Recommendation	Responsible Officer	Target Implementation Date
5. Company Board Composition		
E11. There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively		
E12. There should be evidence that board membership is reviewed regularly for composition and fitness for purpose		
<u>Action:</u> See E4 and E10 above.		
6. The Board and Risk Management		
E13. There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite		
<u>Action:</u> Risk register to be developed for the Company to support discussion of risk at Board meetings.	Head of Democratic Services	31.03.2024
7. Board Members' Skills and Development		
E14. 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		
E15. 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		
<u>Action:</u> See E4 and E10 above.		
8. The Role of Executive Directors and Non-Executive Directors		
E16. There is evidence that the role of executive directors is clearly defined and documented		
E17. Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct		
E18. There is documented evidence that the board values the role of non-executive directors, and their views are influential in the board's decisions		
<u>Action:</u> The possibility of finding voluntary non-executive directors will be examined again following the May 2023 election.	Head of Democratic Services	31.03.2024
9. The Role of the Board Chair		
E19. There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views		
<u>Action:</u> See E4 and E10 above.		

B2. Self-Assessment Checklist Responses

1. CLIENT SIDE – Summary of Responses (RAG Rating and Actions Required)

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
Date Checklist Completed:	08/09/2022	09/02/2023	-	-
Completed By:	Sarah Good (Head of Delivery - Regeneration)	Sarah Longthorpe (Director of Regeneration)	-	-
1. 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	Confirm each project scope (x19) is included in the Annual Business Plan (or that a commissioning document of POC has been produced setting out scope, Council expectations and budget). Head of Delivery - Regeneration (BCP) / Corporate, Business Case & Commercial Manager (FP)	Last Partnership Business Plan (PBP) approved July 2021. BDC Board agreed to review late 2023 due to stalled pipeline and BCP Council 2023/24 budget position. Director of Regeneration (BCP)	Not Completed	Not Completed
C2. There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity	As the company has been in operation for less than one year, this review is being taken to represent the inaugural contractual Annual Review. Action to schedule AR for Q1 2023/24. Head of Delivery - Regeneration (BCP) Similarly, the refreshed business plan (which included achievements to-date mainly around set-up) is being accepted in place of an Annual Performance Report (APR). The first actual APR will be contractually	Last Partnership Business Plan (PBP) approved July 2021. Revert to rolling 5 year plan pending BCP Council budget position update. Director of Regeneration (BCP)	Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
	required by the end of April 2023. To be scheduled. Head of Delivery - Regeneration (BCP) / Corporate, Business Case & Commercial Manager (FP)			
2. The Council's Shareholder Role				
C3. 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 terms of reference)			Not Completed	Not Completed
C4. 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)			Not Completed	Not Completed
C5. There should be evidence that the individual undertaking the shareholder role is provided with suitable training and support commensurate with the role			Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
C6. There should be evidence of formal periodic shareholder/Chair/CEO meetings with effective supporting papers to inform subsequent company board meetings	Once the new independent Chair is appointed schedule regular sessions for the Shareholder/Chair and MD. Notes to be recorded to inform future Board meetings. Head of Delivery - Regeneration (BCP)		Not Completed	Not Completed
3. Council Oversight, Scrutiny and Governance Framework				
C7. There should be documented evidence of transparent member and officer scrutiny, oversight, and approval of business plans			Not Completed	Not Completed
C8. There should be evidence of a clear set of KPIs that fall out of the business planning process	Suite of appropriate KPIs to be identified and agreed as part of the annual business planning cycle. Head of Delivery - Regeneration (BCP) / Corporate, Business Case & Commercial Manager (FP)		Not Completed	Not Completed
C9. There should be evidence that senior company staff are performance managed against KPIs	To ensure appropriate criteria are included in the policy and an annual process to review performance against this criteria is agreed. Chief Executive (BCP) / Director of Regeneration (BCP)		Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
C10. There should be evidence of ongoing assessment of value-for-money and quality offered by the entity through an adequately resourced monitoring function			Not Completed	Not Completed
C11. 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 risk management approach, with appropriate escalation and reporting			Not Completed	Not Completed
C12. There should be evidence of a consistent approach across the Council when it comes to engaging with its entities			Not Completed	Not Completed
C13. The Council should have clear and unfettered access to audited accounts for its entities			Not Completed	Not Completed
4. Business Case for the Entity				
C14. A business case which assessed the risk involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review		Last Partnership Business Plan (PBP) approved July 2021. Revert to rolling 5 year plan pending BCP Council budget position update. Director of Regeneration (BCP)	Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
C15. Objectives of the entity should be clearly defined and documented, and regularly reviewed to ensure that its operation continues to support Council policy and strategy, including periodically reviewing the business case to ensure it is still valid		Last Partnership Business Plan (PBP) approved July 2021. Revert to rolling 5 year plan pending BCP Council budget position update. Director of Regeneration (BCP)	Not Completed	Not Completed
5. Agreements with the Entity				
C16. Agreements should be documented between the Council and the entity for any support or services provided by either party to the other party	New legal resource to support finalisation of the Commissioning Agreement/ Contract for FP to be identified by the Council. Head of Legal (BCP) / Head of Delivery - Regeneration (BCP) / Chief Operating Officer and Head of Investment (FP)		Not Completed	Not Completed
C17. 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	Updated Resource Agreement and new standardised SLAs to be signed-off by FP. Head of Delivery - Regeneration (BCP) / Chief Operating Officer and Head of Investment (FP)	Last Partnership Business Plan (PBP) approved July 2021. Revert to rolling 5 year plan pending BCP Council budget position update. Director of Regeneration (BCP)	Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
6. Avoiding and Managing Conflicts of Interest				
C18. 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			Not Completed	Not Completed
C19. The Council should have clear and up-to-date policies 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	No process for breaches identified in the policy. TBC		Not Completed	Not Completed
C20. 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 clearly defined and documented			Not Completed	Not Completed

	BCP FuturePlaces (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
7. Council Appointments to the Board				
C21. 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			Not Completed	Not Completed

2. ENTITY SIDE – Summary of Responses (RAG Rating and Actions Required)

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
Date Checklist Completed:	28/02/2023	09/02/2023	28/02/2023	28/02/2023
Completed By:	Rebecca Lawry (Company Secretary)	Sarah Longthorpe (Director of Regeneration)	Rebecca Lawry (Company Secretary)	Rebecca Lawry (Company Secretary)
1. Articles of Association				
E1. The entity's articles of association should be clear, up-to-date, and reflective of how the entity is run		N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.		
2. Business Planning				
E2. There should be evidence of an up-to-date business plan that is reflective of the current circumstances and environment in which the entity operates		Rolling 5 year Partnership Business Plan (PBP) updated annually. Last updated in July 2021 pending clarification on BCP Council budget position and impact on BDC development schemes. Update PBP in Autumn 2023. Director of Regeneration (BCP)		
3. Role and Behaviour of the Board				
E3. There should be evidence that the board meets regularly to consider, review and record discussions and conclusions				
E4. There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information			There is an opportunity to increase challenge at all Boards, but this will be enabled through the development of Directors. Company Secretary	There is an opportunity to increase challenge at all Boards, but this will be enabled through the development of Directors. Company Secretary

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
E5. There should be evidence of the desired culture and behaviours	Corporate values are being developed with the Communications Team Corporate Engagement Director (FP)		Corporate Values should be developed once the new Board members are appointed following the election. Company Secretary	The Board will need to look at setting corporate values once the new Directors have been brought on board following the election. Company Secretary
E6. The company structures should be regularly scrutinised in order to ensure they remain fit for purpose				
E7. 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				
4. Role and Behaviours of Company Directors				
E8. There should be evidence that directors have sufficient skills and experience to run the entity			A Director induction process requires further development as does an ongoing training programme. There are anticipated changes to the Board in May and therefore it was agreed that this would be put on hold until then. Company Secretary	A Director induction process requires further development as does an ongoing training programme. There are anticipated changes to the Board in May and therefore it was agreed that this would be put on hold until then. Company Secretary
E9. There should be evidence that directors' behaviours are 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			This requires embedding through the Director induction process. Company Secretary	This requires embedding through the Director induction process. Company Secretary

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
E10. The scope of directors' authorities should be documented and clear to all parties	A full governance schedule including a scheme of delegation is being developed. Company Secretary		All powers are noted in the statutory documents of the Company. This will be detailed in the director induction programme that will be rolled out after the changes are made to the Boards. Company Secretary	All powers are noted in the statutory documents of the Companies. This will be detailed in the director induction programme that will be rolled out after the changes are made to the Boards. Company Secretary
5. Company Board Composition				
E11. There should be evidence that the board has a diverse membership with the collective skills and attributes needed to lead the entity effectively			This will be reviewed following the election in May when it is anticipated that the structure and composition of each of the boards will change. Company Secretary	This will be reviewed following the election in May when it is anticipated that the structure and composition of each of the boards will change. Company Secretary
E12. There should be evidence that board membership is reviewed regularly for composition and fitness for purpose	Director performance will be reviewed on an annual basis. This will need to be undertaken post the one year anniversary of the Board of Directors. Company Secretary		This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary
6. The Board and Risk Management				
E13. There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite			Risk is discussed at Board meetings, however, individual risk registers will need to be developed for the Company. TBC	Risk is discussed at Board meetings, however, individual risk registers will need to be developed for each entity. TBC

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
7. Board Members' Skills and Development				
E14. 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	A full induction programme for Directors is being developed to ensure that all Directors are aware of their responsibilities, fully trained and competent. Company Secretary/ HR		This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary
E15. 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	A full induction programme for Directors is being developed to ensure that all Directors are aware of their responsibilities, fully trained and competent. Company Secretary/ HR	N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary
8. The Role of Executive Directors and Non-Executive Directors				
E16. There is evidence that the role of executive directors is clearly defined and documented		N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.	There are currently 4 directors on the Board. The possibility of finding voluntary NEDs would be looked at again post the May election. Following the election it is anticipated that the structure and composition of each of the boards will change. Company Secretary	There are currently 4 directors on each Board. Group Board had one NED, however, budget constraints meant that they were not replaced. The possibility of finding voluntary NEDs would be looked at again post the May election. Following the election it is anticipated that the structure and composition of each of the boards will change. Company Secretary

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
E17. Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including key appointments, and standards of conduct	In progress as the Board members have only been appointed in the last month so this is ongoing with the Chair. Chair of the Board	N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.	There are currently 4 directors on the Board. The possibility of finding voluntary NEDs would be looked at again post the May election. Following the election it is anticipated that the structure and composition of each of the boards will change. Company Secretary	There are currently 4 directors on each Board. Group Board had one NED, however, budget constraints meant that they were not replaced. The possibility of finding voluntary NEDs would be looked at again post the May election. Following the election it is anticipated that the structure and composition of each of the boards will change. Company Secretary
E18. There is documented evidence that the board values the role of nonexecutive directors, and their views are influential in the board's decisions	In progress. Company Secretary	N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.	This will be reviewed following the election in May when it is anticipated that the structure and composition of each of the boards will change. Company Secretary	This will be reviewed following the election in May when it is anticipated that the structure and composition of each of the boards will change. Company Secretary
9. The Role of the Board Chair				
E19. There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views	The independent Chair is in the process of being appointed. The role and responsibilities will be part of the induction process. Chair of the Board	N/A BDC is an LLP not a limited company so it has no Articles of Association and has members instead.	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary	This will form part of the director induction programme and programme of training and review that will be implemented post the May election. Company Secretary

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
10. Financial Management				
E20. 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		Rolling 5 year Partnership Business Plan (PBP) updated annually. Last updated in July 2021 pending clarification on BCP Council budget position and impact on BDC developmentschemes. Update PBP in Autumn 2023. Director of Regeneration (BCP)		
E21. 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		Rolling 5 year Partnership Business Plan (PBP) updated annually. Last updated in July 2021 pending clarification on BCP Council budget position and impact on BDC developmentschemes. Update PBP in Autumn 2023. Director of Regeneration (BCP)		
E22. 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				
E23. There should be evidence of an annual audit letter from the Council's external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company		N/A BDC is an LLP not a limited company.		

	Future Places (FP)	Bournemouth Development Company (BDC)	Bournemouth Building & Maintenance (BBML)	Seascope Group & Subsidiaries (SG)
E24. Documented financial policies and procedures should be available		Not Completed		
E25. There should be evidence of an effective annual internal audit programme		Not Completed		

C. Appendices

Appendix A: Client-Side (Council) Checklist

NB. Additions / amendments from updated July 2023 guidance shown in red below. Relevant additional notes / information from the body of the guidance notes have been added in italics where appropriate.

Local Partnerships Company Review Guidance Section 8 Summary of Evidence – CLIENT (the Council)



Entity Name:	<Entity Name>		
Completed By:	<Name> <Job Title>	Date:	<Date>

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/body
1. 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 is protected, appropriate returns on 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 				

C2. There should be evidence of a culture of challenge and clarity relating to the purpose, efficiency, effectiveness, specific objectives, and freedoms of the entity	<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 				
2. The Council's Shareholder Role					
C3. 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 terms of reference)	<ul style="list-style-type: none"> • The Council has a designated "shareholder" role to represent its ownership of the entity • The shareholder provides oversight of any decisions taken by the entity • The shareholder provides a regular review of whether the entity provides the most effective vehicle to deliver the outcomes it requires and whether there are suitable alternatives • The process for appointing a shareholder is set out in terms of reference 				
C4. 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)	<p>The shareholder's agreement describes the powers of the board and when the shareholder might influence those powers. Reserved matters may include:</p> <ul style="list-style-type: none"> • Approval of annual business plan • Approval of significant contracts (above a specified threshold value) • Admission of new shareholders • Declaring dividends • Charging / mortgaging assets • Approval of activities not in the business plan • Appointing / removing directors • Buying / selling significant assets • Taking out loans above a specified threshold value 				

	<ul style="list-style-type: none"> • Winding up the company • If the Council is the sole shareholder, and a shareholder's agreement has been deemed unnecessary, an appropriate alternative document can be produced • Evidence (minutes) that the meetings have taken place and that the relevant individuals have attended 				
<p><i>NB. Section 3.3 of the guidance states that where responsibility for the shareholder role is delegated to a committee, there must be a terms of reference drawn-up and a suitable cohort of elected members identified to sit on the committee.</i></p>					
<p>C5. There should be evidence that the individual or committee* undertaking the shareholder role is provided with suitable training and support commensurate with the role and is independent of the relevant company</p>	<ul style="list-style-type: none"> • The role and responsibilities of the shareholder are reviewed regularly by members • Regular 360° reviews with representatives from the entity and the Council are conducted • The Council has developed requirements for shareholder training 				
<p>C6. There should be evidence of formal periodic shareholder / Chair / Chief Executive meetings with effective supporting papers to inform subsequent company board meetings</p>	<ul style="list-style-type: none"> • The shareholder has a mechanism to communicate its views to the entity • Periodic and effective shareholder / Chair / Chief Executive meetings are documented 				
<p>3. Council Oversight, Scrutiny and Governance Framework</p>					
<p><i>NB. Section 3.4 of the guidance states that “the Council should regularly undertake an objective assessment of how successfully each entity supports its policies and strategies. The appropriate time for such a review will depend on the nature of the entity but such matters should be considered as part of the annual business planning and budget setting process, with in-depth reviews carried out every three to five years as appropriate”</i></p> <p><i>It also notes the following governance roles to be undertaken by the Council:</i></p>					

- *“Intelligent Client: an individual or group of individuals (working as or on behalf of the shareholder) who are tasked with ensuring that the Council gains the desired outcomes from its arrangements with the entity. Specifically, they need to be able to challenge the entity, holding it to account using performance data to ensure there is clarity about what is being provided for the Council and whether it meets expectations*
- *Council Chief Executive, Section 151 Officer and Monitoring Officer need to be engaged regarding the ongoing purpose and performance of entities. This could be achieved by attending Shareholder Committee meetings as an observer”*

Section 6 of the guidance sets out the key documents required to undertake a review of a company’s governance structures, processes for managing risks and performance against the Council’s expectations.

Section 7 sets out guidance to be followed by Councillors:

- *When approving business cases*
- *When fulfilling the shareholder function*
- *As a member of the Audit & Governance Committee*
- *As a member of a scrutiny committee*

C7. There should be documented evidence of transparent member and officer scrutiny, oversight, and approval of business plans	<ul style="list-style-type: none"> • There is a clearly defined governance framework underpinned by clear governance principles • The role of the shareholder is separate from the board • The business plan is current and updated at least annually • The business plan is challenged and monitored by the shareholder function 				
C8. There should be evidence of a clear set of KPIs that fall out of the business planning process	<ul style="list-style-type: none"> • The Council regularly undertakes an objective assessment of how successfully each entity supports its policies and strategies • KPIs are relevant to “SMARTER” goals • KPIs are reported and monitored within the context of the governance framework • Remedial actions are implemented and monitored if KPIs are not met 				

C9. There should be evidence that senior company staff are performance managed against KPIs	<ul style="list-style-type: none"> Board, committee, chair, and director performance is evaluated annually, including against agreed KPIs Performance management routines, eg. annual appraisals, connection to personal objectives 				
C10. There should be evidence of ongoing assessment of value for money and quality offered by the entity through an adequately resourced monitoring function	<ul style="list-style-type: none"> Contract management resource within the Council where services are provided by the entity Regular reviews take account of value-for-money and performance quality, for example, benchmarking against similar services at other authorities Budget setting and business planning takes account of such value for money assessment rather than approving entity payments “on the nod” 				
<i>NB. Section 3.3 of the guidance states that “a holistic review of risk to the Council offered by all active entities [should] be carried out or moderated by an officer or a third-party professional who does not have a role within the relevant entities (ie. not be an officer who is also a director of the entities)”. Section 3.4 also states that “consideration of risks relating to the company should be included within the Council’s own risk management arrangements and financial planning”</i>					
C11. 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 risk management approach, with appropriate escalation and reporting	<ul style="list-style-type: none"> The Council regularly reviews risks relating to its entities and establishes whether they are effectively managed and scrutinised The Council’s overview and scrutiny committee (or equivalent) provides overview, pre-decision scrutiny and call-in decisions in relation to the entity 				
C12. 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"> All Council entities are managed in a consistent way with appropriate support, guidance and controls 				
C13. 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"> The Council’s audit committee pays specific attention to accounts and audit reports 				

	<ul style="list-style-type: none"> The Council's internal auditors are able to gain clear and transparent access to financial information and oversight of internal controls 				
4. Business Case for the Entity					
<p><i>NB. Section 3.4 of the guidance states that “for Councils with a committee system, a designated committee, such as a resources committee, will be responsible for approving the establishment of a new entity”.</i></p> <p><i>It also states that “there should be evidence of clear alignment between governance of entities and wider governance of Council business by ensuring that issues relating to the performance of entities are integrated into corporate risk management, performance management and governance reviews as well as financial and strategic planning activity. The Council constitution should appropriately reference the entity”.</i></p> <p><i>Section 3.5 states that the business case must “assess the risk involved in establishing the entity... taking account of other potential delivery models”. The key components of the business case including alternative delivery models and the issues to consider are discussed in detail in Section 5 of the guidance.</i></p>					
C14. A business case which assessed the risk involved in establishing the entity and recommended its establishment, taking account of other potential delivery models, should be available to review	<ul style="list-style-type: none"> There is a clear and comprehensive business case that recommended the creation of the entity The business case took account of alternative delivery methods, with the case for the entity's creation having clear benefits over other methods The business case is up to date and reflects the current trading environment of the entity 				
<p><i>NB. Section 3.4 of the guidance sets out committee arrangements for approving the establishment of a new entity, but also providing “overview, pre-decision scrutiny and call-in of decisions regarding the Council's shareholding interest in its entities”.</i></p> <p><i>It also notes that “reviews of entities should feed into the Council's annual review of its own governance” and that “the contribution of the company to the delivery of the Council plan is made clear and is reflected in both corporate and company performance monitoring”</i></p>					
C15. Objectives of the entity should be clearly 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"> The objectives of the entity are clearly articulated, defined and documented The objectives are regularly reviewed The objectives continue to reflect Council policy and strategy 				

reviewing the business case to ensure it is still valid	<ul style="list-style-type: none"> The business case and objectives are regularly reviewed to ensure they are still valid 				
5. Agreements with the Entity					
C16. 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"> The Council and entity have clear and documented agreements for any services or support provided by either party to the other party There is a clear process for escalation if the support or services agreements are not performed to either party's satisfaction 				
C17. 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"> Agreements for support or services between the parties are up-to-date and regularly monitored and reviewed Changes to agreements are documented with a clear audit trail 				
6. Avoiding and Managing Conflicts of Interest					
<p><i>NB. Section 3.7 of the guidance notes that "Council officers and members have fiduciary duties to the Council. Board directors' first duty is to act in the best interests of the company. Situations can inevitably arise where the same person will be a decision maker or advisor both for the Council and one of its entities, for example, in matters of reporting, contractual discussions, investment requests or resourcing agreements. It is therefore important to consider the rationale for having members or officers on boards of companies with a close association with the nature of their work"</i></p> <p><i>It further states that "it is particularly not advisable for cabinet members with budget responsibility for a particular service to sit on the board of a company delivering that service as this means that the company cannot be held to account... similarly, regeneration companies should only have officers on boards who do not have direct managerial oversight, for example of director of public realm or place, as opposed to a head of planning"</i></p>					
C18. 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	<ul style="list-style-type: none"> All parties have been trained and demonstrate a commitment to avoiding and monitoring actual or potential conflicts Articles of association contain mechanisms for approving known or situational conflicts that are not materially detrimental to the arrangement 				

C19. The Council's constitution should contain clear and up-to-date policies 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	<ul style="list-style-type: none"> • There is a clear conflict of interest policy which is managed actively • There is a clear process for investigating and dealing with breaches of the conflicts of interest policy • Internal and external auditors review the management of conflicts of interest and escalate any concerns to the Monitoring Officer 				
C20. 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 clearly defined and documented	<ul style="list-style-type: none"> • Officers and members make themselves available to scrutiny and other Council governance forums 				
7. Council Appointments to the Board					
C22. 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. This could include evidence that the recruitment process has been competitive and transparent, for example by demonstrating that a formal process for advertising and selection has taken place. Board appointments should be approved by the shareholder	<ul style="list-style-type: none"> • Board members have completed declaration of interest forms • Appointments to the board are relevant to the post or office of the Council • Council appointed directors cease to be members if they leave their qualifying roles • The process for the appointment and renewal of directors is set out in the articles of association • If there is a remuneration committee, relevant matters are referred appropriately • Appointments are based on a review of the skills, qualifications, diversity, and other attributes required for the role 				

	<ul style="list-style-type: none"> Where a board member is eligible for renewal and reappointment, this is subject to considering their performance to date and skills, and the needs of the board 				
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Appendix B: Entity-Side (Company) Checklist

Local Partnerships Company Review Guidance Section 8: Summary of Evidence – ENTITY (the Council's wholly or partially owned company)



Entity Name:	<Entity Name>				
Completed By:	<Name> <Job Title>			Date:	<Date>

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/ body
1. Articles of Association					
E1. 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"> The entity has articles of association, documenting its constitution The articles address the entity's purpose, conduct of meetings, and role and appointment of directors If the entity is a Teckal company, the articles demonstrate that the Council exercises control 				
2. Business Planning					
E2. There should be evidence of an up-to-date business plan that is reflective of the current circumstances and environment in which the entity operates	<ul style="list-style-type: none"> There is an up-to-date business plan, setting out the organisation's objectives and how these will be resourced and achieved Requirements to meet the legal criteria in relation to any Teckal companies are reflected in the business plan 				

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/ body
3. Role and Behaviour of the Board					
E3. There should be evidence that the board meets regularly to consider, review and record discussions and conclusions	<ul style="list-style-type: none"> The board meets regularly, and all decisions are recorded and documented Decisions are taken at the appropriate place, including deferral and recommendations of decisions on matters that are reserved for the shareholder 				
E4. There should be evidence of delivery of strategies and plans, including scrutinising key operational and finance performance information	<ul style="list-style-type: none"> The board has delegated detailed scrutiny to committees or directors with appropriate skills, including financial management The board challenges performance and key financial and operational reporting 				
E5. There should be evidence of the desired culture and behaviours	<ul style="list-style-type: none"> The board promotes the success of the company The board provides entrepreneurial leadership Prudent and effective controls are demonstrated where risk is assessed and managed The board sets strategic aims and ensures sufficient resources (financial and human) are available to meet objectives The board reviews management performance, including that of the CEO/MD and leadership team The board sets corporate values and standards The board ensures obligations to shareholders and others are met 				
E6. The company structures should be regularly scrutinised in order to ensure they remain fit for purpose	<ul style="list-style-type: none"> The company structures are regularly reviewed Financial and performance benchmarking exercises are carried 				

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/ body
E7. 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"> The board regularly monitors conflicts of interest, including with suppliers and users 				
4. Role and Behaviours of Company Directors					
E8. There should be evidence that directors have sufficient skills and experience to run the entity	<ul style="list-style-type: none"> Directors' skills align well to the organisation's purpose and objectives Directors are trained so that they are competent in undertaking their roles and responsibilities 				
E9. There should be evidence that directors' behaviours are 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	<ul style="list-style-type: none"> Directors: <ul style="list-style-type: none"> act within their powers promote the success of the company exercise independent judgement exercise reasonable care skill and diligence avoid conflicts of interest do not accept benefits from third parties declare an interest in proposed transactions or arrangements with the company Directors act in accordance with the seven Nolan Principles: <ul style="list-style-type: none"> Selflessness Integrity Objectivity 				

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"> - Accountability - Openness - Honesty - leadership 				
E10. The scope of directors' authorities should be documented and clear to all parties	<ul style="list-style-type: none"> • Directors' authorities are demonstrated in a scheme of delegation • The scheme of delegation includes reference to matters that are reserved for board decision and cannot be delegated 				
5. Company Board Composition					
E11. 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"> • There are between five and ten directors on the board • At least half of the directors are independent non-executives • Appointments to the board are subject to a formal, rigorous, and transparent selection procedure based on merit and published objective criteria 				
E12. There should be evidence that board membership is reviewed regularly for composition and fitness for purpose	<ul style="list-style-type: none"> • 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 				
6. The Board and Risk Management					
E13. There should be evidence that the board understands the organisation's risk profile and the effectiveness of key controls and regularly reviews risks and risk appetite	<ul style="list-style-type: none"> • The board demonstrates ultimate responsibility for risk management within the entity and ensures that appropriate risk management arrangements that are in place • The board regularly reviews risks and how they are being managed • The board is aware of its appetite for risk and determines the risk profile for the entity 				

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"> The board's approach to risk is proportionate and appropriate to its model 				
7. Board Members' Skills and Development					
E14. 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	<ul style="list-style-type: none"> The board regularly undertakes skills audits The entity has a board which includes a range of skills and backgrounds including commercial, financial, business development, technical, legal and HR experience 				
E15. 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	<ul style="list-style-type: none"> Regular training and updates cover legal roles and responsibilities, company directors' roles and companies generally Directors' training includes 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 				
8. The Role of Executive Directors and Non-Executive Directors					
E16. There is evidence that the role of executive directors is clearly defined and documented	<ul style="list-style-type: none"> Executive directors' roles are clearly defined and documented Directors' roles are focused on running the entity's business activities and implementing the board's plans and policies 				
E17. Non-executive directors are in place to bring an independent judgement to bear on issues of subject matter expertise, strategy, performance, resources including	<ul style="list-style-type: none"> Non-executive directors: <ul style="list-style-type: none"> challenge, and contribute to the development of the company's strategy scrutinise performance of management in meeting agreed goals and monitor reporting of performance 				

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/ body
key appointments, and standards of conduct	<ul style="list-style-type: none"> - satisfy themselves on the accuracy of financial information and that financial controls and risk management are robust and defensible - determine executive directors' remuneration and prime role in appointing/removing senior management 				
E18. There is documented evidence that the board values the role of nonexecutive directors, and their views are influential in the board's decisions	<ul style="list-style-type: none"> • The board values its non-executive directors, so that they are able to demonstrate: <ul style="list-style-type: none"> - sound judgement and an enquiring mind - knowledge of the business, its operating environment, and issues it faces - integrity, probity, and high ethical standards - objectivity as the basis for questioning and challenging accepted thinking of executives - strong interpersonal skills 				
9. The Role of the Board Chair					
E19. There is evidence that the chair provides clear board leadership, supporting the directors and chief executive and taking account of the shareholders views	<ul style="list-style-type: none"> • The chair is primarily responsible for: <ul style="list-style-type: none"> - the workings of the board - its balance of membership subject to board and shareholders' approval - ensuring that all relevant issues are on the agenda ensuring that all directors, executive and non-executive alike, are enabled and encouraged to play their full part in its activities • 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 				

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"> The chair is responsible for: <ul style="list-style-type: none"> formulating the board's strategy promoting the efficient and effective use of staff and other resources delivering high standards in terms of integrity and propriety 				
10. Financial Management					
E20. 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	<ul style="list-style-type: none"> The business plan and business planning process are critical parts of the governance culture and environment 				
E21. 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"> 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 				
E22. Board reports should include clear presentation of the monthly income and expenditure position of the company as	<ul style="list-style-type: none"> 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) 				

Evidence	What should you be able to find?	What evidence have you found?	RAG rating	Actions Recommended	Responsible person/ body
well as a cash flow statement and balance sheet					
E23. There should be evidence of an annual audit letter from the Council's external auditors, confirming the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company	<ul style="list-style-type: none"> • The Council's external auditor has provided an annual audit letter annually • The annual audit letter confirms the degree of confidence they hold in respect of consolidation or treatment of financial instruments entered by the company 				
E24. Documented financial policies and procedures should be available	<ul style="list-style-type: none"> • The company has an independent financial status from the Council, including separate bank accounts and designated signatories • The financial transactions of the company are recorded on the company's own, separate ledger system and the Council is able to demonstrate how the results of the company are consolidated into its own group accounts • 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 				
E25. There should be evidence of an effective annual internal audit programme	<ul style="list-style-type: none"> • The company operates a system of internal controls that are consistent with financial policies and procedures • The company's internal controls are subject to periodic testing by internal auditors 				