

CABINET



Report subject	Council Owned Companies Shareholder Governance Review
Meeting date	2 October 2024
Status	Public
Executive summary	This report sets out the action taken following the reports to Audit & Governance Committee on 11 January 2024, and to Cabinet on 10 January 2024, advising on the lessons learnt from a governance perspective following the closure of the Council's Urban Regeneration Company – BCP Future Places. These reports recommended changes designed to provide a clearer understanding of the respective roles, decision-making arrangements and improved accountability for council owned companies. In response to the recommendations from both Audit & Governance Committee and Cabinet this report now sets out the detailed governance framework proposed by BCP Council via the establishment of the Shareholder Advisory Board and the Shareholder Operations Board together with supporting Guidance for Councillors and Officers appointed to Outside Bodies. A further report providing an update following a review of the existing Council owned companies on their effectiveness will be presented to a future meeting of Cabinet. It is also noted that in line with the governance framework initially approved by Audit & Governance Committee and Cabinet in January 2024, BCP Councillors currently appointed to council owned companies will be removed and replaced with Officer appointments. Further details about these arrangements will be detailed in a further report to Cabinet.
Recommendations	It is RECOMMENDED that Cabinet: Notes the establishment of the Shareholder Advisory Board and the Shareholder Operations Board. Cabinet RECOMMENDS that Council: (a) Approve the Shareholder Advisory Board and Shareholder Operations Board Governance Framework for inclusion in the Council's Constitution; (b) Approve the Guidance to Councillors and Officers

	Appointed to Outside Bodies for inclusion in the Council's Constitution; and (c) Delegate authority to the Monitoring Officer to take all steps necessary to ensure the Council's Constitution remains up to date in respect of these documents
Reason for recommendations	To ensure that all Council owned companies operate within effective and transparent governance.
Portfolio Holder(s):	Councillor M Earl, Leader of the Council and Portfolio Holder Councillor J Hanna, Cabinet Member for Transformation, Resources and Governance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Janie Berry, Director of Law & Governance and Monitoring Officer
Wards	Council-wide
Classification	For Information and recommendation

Background

1. This report builds upon the best practice guidance and high-level framework shared with the Audit & Governance Committee and Cabinet respectively in January 2024. These aforementioned reports made provision for the establishment of a Shareholder Advisory Board and a Shareholder Operations Board which together will deliver a robust governance framework for the Council's management of its companies. To support this, governance frameworks have been drafted for inclusion in the Constitution.

Establishment of the Shareholder Advisory Board and the Shareholder Operations Board

2. A Shareholder Advisory Board has been established with the following remit:
 - To formulate policy direction for Council companies prior to formal consideration and adoption by Cabinet;
 - To consider proposals from the Shareholder Operations Board for council company creation, liquidation, disposal and acquisition, appointment of directors, annual business plan, governance and financing; and
 - To receive and consider reports on company performance
3. The Shareholder Advisory Board will not have day to day operational control over any of the companies of which the Council is a shareholder.

It is proposed that the core membership of the Shareholder Advisory Board will be:

- Leader of the Council – Portfolio Lead (Chair of the Board)
 - Cabinet Member for Finance
 - Cabinet Member for Transformation, Resources & Governance
 - Chief Executive
 - Chief Operations Officer
 - Director of Finance or Deputy
 - Director of Law and Governance or Deputy
 - Corporate Director of Wellbeing
 - Corporate Director of Children's Services
4. Other Portfolio Holders, Officers and Portfolio Leads may be invited to attend specifically for items that fall within their remit, present reports, or otherwise support the meeting as required.
 5. A Shareholder Operations Board has been established to report to the Shareholder Advisory Board. This is an Officer Board which will have the responsibility of
 - Supporting the Shareholder Advisory Board;
 - to oversee the implementation of decisions by Cabinet concerning council companies;
 - to oversee commissioning of work from council companies
 - to oversee the due diligence upon and validation of the business plan received from council companies prior to presentation to the Shareholder Advisory Board
 - to oversee funding arrangements for council companies
 - to oversee the performance of council companies and ensure they meet the council's objectives and priorities
 6. The membership of the Shareholder Operations Board is proposed to be:
 - Chief Executive (Shareholder representative)
 - Chief Operations Officer
 - Director of Finance or Deputy
 - Director of Law and Governance or Deputy
 - Corporate Director of Wellbeing
 - Corporate Director of Children's Services
 7. To support the work of the Shareholder Advisory Board and the Shareholder Operations Board, supporting governance documents have been prepared with the intention that these are included within the Council's Constitution and thereafter remain under review by the Monitoring Officer.
 8. The Shareholder Advisory Board and Shareholder Operations Board Governance Framework [see Appendix 1] has been prepared to add substantial detail to the

high-level framework approved in January 2024. This document sets out the roles and responsibilities for the respective Boards, the functions of the Council as a shareholder as set out in the Companies Act 2006 for TECKAL and Non TECKAL companies and provides clarity of the role of the Link Officers who have the day to day engagement with council owned companies and how they are effective on holding those companies to account to meet the council's objectives and priorities.

9. Alongside this Governance Framework, Guidance has also been produced from an ethical governance perspective to provide support to both Councillors and Officers who are appointed to Outside Bodies. The aim of this document is to provide assistance in respect of potential conflict of interest issues, legal responsibilities and liabilities, insurance and indemnity and clarity as to the role of a Director once appointed. The Guidance also offers assistance in respect of appointments to trusts and charities and other bodies. This Guidance appears at Appendix 2 of this report.
10. It is also accepted that all Officers appointed as directors to council owned companies will also require training in respect of their roles and responsibilities so as to ensure they do not fall foul of the Companies Act 2006, implied and or express duties of confidentiality, good faith or fiduciary duties as may arise.

Review of BCP Council owned companies

11. Alongside the development of the governance framework, a review of the existing council owned companies is being undertaken to ensure they are still fit for purpose and continue to meet the best interest of the council. It had been hoped to provide the detailed review of council owned companies in this report in line with the recommendation by Cabinet in January 2024. However this has not proved possible and details of the review will be detailed in a future report to Cabinet alongside the review of those appointed as Directors to council owned companies as detailed below.
12. The Council has the following companies:
 - BCP FuturePlaces Limited -this is in the process of being closed down with Companies House
 - Aspire Adoption Limited – this is in the process of being closed down with Companies House
 - Bournemouth Development Company LLP (a 50:50 partnership between BCP Council and Community Solutions for Regeneration (Bournemouth) Limited – a subsidiary of Muse Places Ltd, a Morgan Sindall Group company)
 - Bournemouth Building & Maintenance Limited
 - Seascope Group Limited (including its subsidiaries Seascope South Limited and Seascope Homes and Property Limited)
 - Tricuro Ltd and Tricuro Support Limited

Appointment of Directors to Council owned companies

13. The framework approved by Audit & Governance Committee and Cabinet in January 2024, advised that BCP Councillors would no longer be appointed to the Boards of council owned companies. There are a number of Councillors currently appointed to the Boards of council owned companies and the adoption of this revised governance framework will result in those Councillor appointments being terminated and replaced with suitably skilled officers nominated by the Chief Executive. In order to

replace the BCP Councillors with Officers, the Articles of Association for each company will need to be reviewed and therefore it is proposed that an update on these appointments will be provided in a future report to Cabinet.

14. The current appointments are as follows:

Seascope Group Limited Company No: 08743462	Cllr D'Orton Gibson Cllr Earl Cllr V Slade
Seascope South Limited Company No:09364688	Cllr Sidaway Cllr K Wilson
Seascope Homes and Property Limited Company No:10030233	Cllr Northover Cllr K Wilson
Bournemouth Building and Maintenance Limited Company No: 08737094	Cllr McCormack Cllr K Wilson
Tricuro Limited and Tricuro Support Limited	Cllr Bartlett Cllr D Brown Cllr Canavan Cllr Cox Cllr J Salmon
Bournemouth Development Company LLP (a 50:50 partnership between BCP Council and Community Solutions for Regeneration (Bournemouth) Limited – a subsidiary of Muse Places Ltd, a Morgan Sindall Group company)	Cllr D'Orton Gibson Cllr Howell

Options Appraisal

15. An options appraisal is not applicable for this report, as it recommends the Council continue to follow best practice guidance.

Summary of financial implications

16. Adopting effective and transparent governance structures and processes for Council-owned companies will ensure that risk management is sufficiently robust, that companies remain strategically aligned to Council priorities, focus is aimed at delivering real benefits whilst providing value for money, and annual business plans are subject to rigorous consideration prior to approval, with projects supported by robust, comprehensive, and credible business cases.

Summary of legal implications

17. An effective and transparent governance process for Council-owned companies will ensure appropriate Council oversight, audit, risk management, scrutiny and decision-making arrangements are in place.
18. The Council must provide specific training to officers who are to be appointed as company directors to ensure they are equipped with the necessary skills and knowledge to undertake their roles and comply with the duties of the Companies Act 2006.
19. Shareholder activity is a reserved function for the Cabinet however Council's approval is sought to amend the constitution as detailed within the body of the report.

Summary of human resources implications

20. The Council will provide specific training to officers who are to be appointed as Company Directors to ensure they are equipped with the necessary skills and knowledge.

Summary of sustainability impact

21. There are no direct sustainability impact implications arising from this report.

Summary of public health implications

22. There are no direct public health implications arising from this report.

Summary of equality implications

23. There are no direct equality implications arising from this report.

Summary of risk assessment

24. Failure to have appropriate and effective governance for Council owned companies which ensures accountable and transparent processes are in place puts the Council at risk of challenge.

Background papers

Agenda, Report and Minutes - Audit & Governance Committee – 11 January 2024

Agenda, Report and Minutes – Cabinet 10 January 2024

Council Constitution

Appendices

Appendix 1 – Shareholder Advisory Board and Shareholder Operations Board Governance Framework

Appendix 2 – Guidance to Councillors and Officers Appointed to Outside Bodies