

EXECUTIVE MEMBER DECISION
SHAREHOLDER BOARD 19 MARCH 2019

REPORT TITLE	<i>CODE OF PRACTICE FOR THE GOVERNANCE OF COUNCIL INTERESTS IN COMPANIES</i>
REPORT OF	<i>DIRECTOR: GOVERNANCE AND ASSURANCE</i>

REPORT SUMMARY

This report invites the Leader to adopt the Draft Code of Practice for the Governance of Council Interests in Companies (Draft Code) which has been considered by the Business Overview and Scrutiny Committee and the Audit and Risk Management Committee.

RECOMMENDATIONS

1. That the Leader adopt the Draft Code.
2. That the Code of Practice be then referred to the Standards and Constitutional Oversight Committee.

SUPPORTING INFORMATION

1.0 REASONS FOR THE RECOMMENDATIONS.

- 1.1 The Draft Code of Practice will promote and ensure good governance in relation to those companies in which the Council is a shareholder and creates a 'blueprint' for an approach to company interests in concert with the Council's adopted Commercial Strategy (minute to item 40 refers, Cabinet 26th November 2018). The Draft Code is in accordance with the local government model.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No guidance is to be provided for the Council members and officers. This was rejected because it would lead to confusion and bad practice.

3.0 BACKGROUND INFORMATION

- 3.1 On 29th August 2018 the Leader considered the Draft Code and referred it to the Audit and Risk Management Committee and the Business Overview and Scrutiny Committee for noting prior to its adoption.
- 3.2 The original report and Draft Code are attached at [Appendix 1](#).
- 3.3 The Draft Code was considered by the Business Overview and Scrutiny Committee on 18th September 2018 and by the Audit and Risk Management Committee on 24th September 2018. The minutes of those Committees are attached in [Appendix 2](#).
- 3.4 A briefing session for Members was conducted on 19th December 2018.
- 3.5 It is proposed that the Draft Code be adopted for the reasons set out in the original report that was presented to the Shareholder Board on 29th August 2018.

4.0 FINANCIAL IMPLICATIONS

- 4.1 None directly arising from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council must establish a company if it is to exercise its powers for a commercial purpose. The Code also makes reference to limited liability partnerships.
- 5.2 Once adopted, the Code will establish a methodology for dealing with all Council shareholder interests in companies, be that where the Council decides to establish a wholly owned company, enters a joint commercial venture with another body or becomes a member of a not for profit company or company limited by guarantee.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1. None directly arising from this report.

7.0 RELEVANT RISKS

7.1 None directly arising from this report.

8. CONSULTATION

8.1 The Draft Code has been considered by the Business Overview and Scrutiny Committee and the Audit and Risk Management Committee.

9.0 EQUALITY IMPLICATIONS

9.1 None.

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