

From: Ben Watts, General Counsel  
To: Governance and Audit Committee, 6 July 2023  
Subject: Company Governance Arrangements  
Status: Unrestricted

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## 1. Background

- a) Members will be aware that the Council wholly owns a number of companies that currently report to a Shareholder Board, chaired by the Deputy Leader who has executive responsibility for traded services.
- b) Members will also be aware both from reports elsewhere on this agenda and generally, that many other local authorities have faced significant financial and governance failures in the way in which their companies and interests therein have been managed.
- c) The lessons learned from a number of these reports have carefully been considered and many of the best practice recommendations in those reports have long since been implemented here in Kent. Similarly, many of the trading models mentioned in the report have been rejected by Members and Officers of this Council.
- d) The above notwithstanding, in recent times, the General Counsel has recommended changes to the Terms of Reference to this Committee which read as follows:
  - reviewing assurances that the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively
  - oversight of the Executive's shareholder strategy regarding companies in which the Council has an interest,
- e) In the light of reviewing the relevant reports, the General Counsel recommends that to further improve the arrangements and to give power to the amended terms of reference that the Council's Shareholder Board become a formal sub-Committee of Cabinet.
- f) Whilst many of the items will fall in the exempt part of the agenda, it provides an important opportunity for the Council's maturing shareholder role to be understood and transparently managed in this way.

## **2. Recommendation**

Governance and Audit Committee is asked to:

- a) AGREE that the Council's Shareholder Board become a formal sub-Committee of Cabinet
- b) RECOMMEND to County Council that this change be made, and
- c) INSTRUCT the Monitoring Officer to draft the necessary Governance changes

## **3. Background Documents**

None.

## **4. Report Author and Relevant Director**

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