



# Northumberland County Council

Audit Committee

Thursday, 27 March 2025

## **Local Partnerships Review of Governance Arrangements for Oversight of Council Owned Companies**

**Report of Councillor(s)** Glen Sanderson, Leader of Council

**Responsible Officer(s):** Jan Willis, Executive Director for Resources & Transformation (S151)

### **1. Link to Key Priorities of the Corporate Plan**

Effective oversight and governance of Council owned companies supports the Council's priority of demonstrating value for money. Advance Northumberland is a key vehicle for delivering regeneration, economic growth and jobs.

### **2. Purpose of report**

The report sets out the findings of the independent review of governance arrangements for oversight of Council owned companies undertaken by Local Partnerships and an action plan for addressing key recommendations.

### **3. Recommendations**

3.1 Note the findings and recommendations set out in the Local Partnerships report.

### **4. Forward plan date and reason for urgency if applicable**

17th February 2025

### **5. Background**

5.1 The Caller corporate governance review, commissioned in 2022, recommended that the Council "establish a specific governance framework by which, for those companies wholly or partly owned by NCC, their directors are appointed, reports on performance are presented to a Cabinet Sub-Committee, conflicts of interest and risks are dealt with and shareholder agreements are ratified, by both the company and NCC".

- 5.2 In response to these recommendations, the Council established a Shareholder Cabinet Sub-Committee in 2023 and undertook to commission Local Partnerships, a public sector consultancy jointly owned by the LGA, HM Treasury and Welsh Government, to undertake an independent review of progress in embedding the governance framework for oversight of Council owned companies after 12 months. The scope of this review, drawn from the Local Partnerships LATCO Governance Guidance, was approved by the Shareholder Committee on 9th July 2024.
- 5.3 The final Local Partnerships report is attached at Appendix 1. This report was considered by Cabinet on 11 March 2025 together with an action plan setting out how the Council will respond to the recommendations.
- 5.4 The report acknowledges the significant progress that has been made in implementing the recommendations of the Caller review, including:
- a) the preparation and approval of a strategic Business Case for Advance Northumberland in November 2022.
  - b) Approval of a Council owned company governance framework in December 2022.
  - c) The recruitment of 4 independent non-executive directors to the Advance Northumberland board and appointment of a Board Chair in April 2023.
  - d) The development of a new set of articles reflecting up to date best practice, approved in April 2024.
  - e) Starting work on the preparation of a new shareholder agreement and operating agreement in 2024.
  - f) Development of a 5-year business plan for Advance Northumberland covering the period 2025 to 2030 which, together with the updated operating agreement, will provide the basis for ongoing oversight and reporting of company performance.

**6. Options open to the Council and reasons for the recommendations**

6.1 The report is for noting.

**7. Implications**

<b>Policy</b>	None identified
<b>Finance and value for money</b>	There are no financial implications arising from this report. Resources for oversight of Council owned companies are provided from mainstream budgets.
<b>Legal</b>	The recommendations of Local Partnerships and identified action plan are aimed to ensure legal and governance compliance in the Councils arrangements with its wholly owned subsidiary.
<b>Procurement</b>	None identified

<b>Human resources</b>	None identified
<b>Property</b>	None identified
<b>The Equalities Act: is a full impact assessment required and attached?</b>	No - no equalities issues identified No changes in policy or service provision impacting staff or service users are proposed.
<b>Risk assessment</b>	None identified
<b>Crime and disorder</b>	None identified
<b>Customer considerations</b>	None identified
<b>Carbon reduction</b>	None identified
<b>Health and wellbeing</b>	None identified
<b>Wards</b>	(All Wards);

**8. Background papers**

None

**9. Links to other key reports already published**

Cabinet Shareholder Committee 9 July 2024 – External Review of Arrangements for Governance and Oversight of Council Wholly Owned Companies  
Cabinet 11 March 2025 - Local Partnerships Review of Governance Arrangements for Oversight of Council Owned Companies

**10. Author and Contact Details**

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