

Local Partnerships Review of Arrangements for Oversight of Wholly Owned Companies – Action Plan

Recommendation	Action	Responsibility & Timescale
<p>A short document should be produced for communication to all stakeholders, including:</p> <ul style="list-style-type: none"> • What the council expects from the company • Why it was set up • Why it remains relevant and is being invested in • How arm's length it should be • Key outputs • KPIs <p>It should link to the Business Plan.</p>	Produce document for Cabinet Shareholder Committee approval.	Council Shareholder Representative June 2025
The Business Case should be updated at least every five years, or more frequently if there are significant changes to the company.	An updated Business Case will be brought to Cabinet Shareholder Committee for approval.	Council Shareholder Representative September 2025
The Shareholder Committee should be increased to four members to allow for absences and sufficient oversight.	Subject to Cabinet approval the Leader to nominate an additional member.	Leader of the Council May 2025
The revised Operating Agreement and 2025-30 Business Plan should provide the necessary framework for the Overview and Scrutiny Committee to fulfil its responsibilities, together with briefings from officers regarding the ongoing activities of the company.	Corporate Services and Economic Growth Overview and Scrutiny Committee already receive regular briefings from NCC and Advance Northumberland officers. Future reports to the Cabinet Shareholder Committee will be based on the operating agreement and business plan to facilitate scrutiny.	Council Shareholder Representative From June 2025
Review the skills required of the board in on an ongoing basis as changes take place to the Business Plan, to ensure that the skills	Undertake annual skills audit for Board members	AN CEO and Chair September 2025

<p>remain appropriately balanced and reflect the skills needed to oversee the activities that the company undertakes.</p>		
<p>Any future chair of the board should have the following attributes:</p> <ul style="list-style-type: none"> • Be independent of the council and have experience in a main area of company activity e.g. with experience of working on real estate programmes • Have strong leadership and interpersonal skills to steer the board • Be able to act as an ambassador for the company externally 	<p>Update role description and person specification for AN Chair for Cabinet Shareholder Committee approval ahead of recruitment of a new independent Chair.</p>	<p>Council Shareholder Representative June 2025</p>
<p>The board should be clear about which company they are acting for when taking decisions, dealing with each one separately within single board meetings.</p>	<p>Review structure of Board meetings and agendas to provide the necessary clarity.</p>	<p>AN CEO and Chair June 2025</p>
<p>The council, in conjunction with the company, will need to ensure that the company's risk management approach and reporting to the council provides a full picture on the risks associated with individual loans and the cumulative financial position of the five subsidiary companies. There should be a clear line of sight between risks in subsidiaries, group risks and council risks.</p>	<p>Review and amend structure of risk reporting to provide the necessary clarity.</p>	<p>Council Shareholder Representative and AN CEO June 2025</p>
<p>When providing loans or grant funding to the company, the council</p>	<p>Amend loan documentation to provide the necessary clarity.</p>	<p>Head of Corporate Finance June 2025</p>

<p>needs to have a clear understanding of and control where it will be used, and where any assets acquired or developed using the funding will sit.</p>		
<p>As the Operating Agreement is central to the working of the company, it should be seen as a key document by both council and company with no optional elements. See Annex 1</p>	<p>Review updated Operating Agreement against best practice guidance and bring to Cabinet Shareholder Committee for approval.</p>	<p>Council Shareholder Representative June 2025</p>
<p>Preparation of the Business Plan and its annual review should continue on a formal basis with a detailed programme of how the board and council will be involved in future years. The council (with the company) should continue to ensure that the plan meets the council's objectives for the company and the company retains clarity of purpose.</p>	<p>Agree a timetable for annual review and updating of the Business Plan</p>	<p>Council Shareholder Representative June 2025</p>
<p>Any remaining recommendations of the financial assurance review should be addressed. Strengthened finance resource and modelling should evidence that this requirement is being met.</p>	<p>The AN finance function has been strengthened and steps taken to improve the quality of financial modelling. This will continue to be monitored.</p>	<p>Council Shareholder Representative and AN CEO Ongoing</p>
<p>The council should develop and communicate a protocol setting out how conflicts of interest will be managed in relation to its companies. It should cover the different roles that members and council officers</p>	<p>Develop conflict of interest protocol for Cabinet Shareholder Committee approval</p>	<p>Monitoring Officer June 2025</p>

will be asked to perform.		
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