



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item:9

Subsidiary Company Governance

To: Audit and Governance Committee

Meeting Date: 5th December 2022

Public report: Yes

From Edwina Adefehinti, Interim Monitoring Officer.

Key decision: No

Forward Plan ref: N/A

Recommendations: The Audit and Governance Committee is recommended to:

- a) Note the progress made against the proposed management actions and timescales to address the identified weaknesses as set out in the RSM report.

Voting arrangements: None. This is a paper for noting

1. Purpose

- 1.1 The purpose of the report is for the Audit and Governance Committee to:
- a) Update the committee on the progress made against the agreed actions.
 - b) Provide information requested about CPCA's companies as requested by this committee.

BACKGROUND

2. Introduction

- 2.1 RSM presented the risk-based Internal Audit Plan for 2021/22 to the Audit and Governance Committee in April 2021, this included the planned review of 'Subsidiary Company Governance' which related to RSM's identified corporate risk of a 'lack of structural resilience/Insufficient internal resources'
- 2.2 The report identified a number of weaknesses which resulted in two high and three medium priority management actions.
- 2.3 These actions included:
- i. Ensuring Shareholders Agreements are signed and kept in a readily accessible central location. (Medium)
 - ii. A Programme Management Committee will be established for the Business Growth Company, which will meet monthly to support the work of the company Board, as required by the Shareholder Agreement. (Medium)
 - iii. CPCA will ensure that business plans are in place for each of its subsidiary companies and ensure that these business plans (and business cases where relevant) are being reviewed and updated periodically, in line with each company's Shareholder Agreement. (High)
 - iv. CPCA will ensure that risk registers are in place for all current and future operational subsidiary companies and will establish a standard approach to risk management. (Medium)
 - v. CPCA will establish a clear governance, reporting and oversight structure for its existing subsidiary companies. As part of this structure, the methods by which the Overview and Scrutiny Committee and the Audit and Governance Committee will fulfil their responsibilities in relation to these subsidiary companies will be established and implemented. (High)

3. Updates

- i. The Shareholders agreements have been reviewed by officers and an update was provided to the Committee and can be found here- [Document.ashx \(cmis.uk.com\)](#). The Officers Shareholders Agreements are yet to be signed and kept in a readily accessible central location because the Board is being asked to establish a shareholder board to deal with this. This report can be found here- [Document.ashx \(cmis.uk.com\)](#)
- ii. There is a deadline date of end of November for the second agreed action, however this has not taken place, but once the shareholder board is established GrowthCo will be challenged by the shareholder board.
- iii. There is a deadline date of end of February for the third agreed action.
- iv. There is a deadline date of end of November for the second agreed action.

The programme office is working with Business Growth Co and Prop Co1/Prop Co2 to review current risk register provision. Business Growth have a risk register that is currently being updated. This has yet to be confirmed with Prop Co1/2.

The CPCA are establishing a corporate standardised approach to risk management with risk management training currently underway.

All A&G members, programme and project managers for the CA and subsidiary companies will be trained in risk management best practice by the end of December 2022.

- v. CPCA Board is expected to establish a clear governance, reporting and oversight structure for its existing subsidiary companies, this would be the Shareholder board, draft terms of the board can be found here- [Document.ashx \(cmis.uk.com\)](#) The Board will note that this chair of this committee can attend its meetings as an observer and the board is expected to make reports to and consult this committee.

4 The Companies

- 4.1 The Combined Authority currently has six trading companies registered with Companies House. These are:

Angle Holdings Limited

Incorporated in September 2019, Angle Holdings was originally set up to be a holding company for all CPCA companies. It is, however, the holding company for Angle Developments (East) Limited only; and currently has a single share in the Cambridgeshire and Peterborough Business Growth Service; however, this will shortly be disposed of.

Angle Developments (East) Limited

Angle Developments (East) Limited is a housing development company incorporated in September 2019 and is owned in the main by Angle Holdings. It was incorporated with the intention of delivering affordable housing schemes and forming joint ventures with local developers in order to contribute to the housing element of the 2017 devolution deal for Cambridgeshire and Peterborough.

Cambridgeshire & Peterborough Business Growth Service Limited

Incorporated in August 2020 the Cambridgeshire & Peterborough Business Growth Company to act as a fund management and contracting vehicle to procure the private sector to deliver growth coaching, skills brokering and inward investment promotion. The company was also established to enable the management of an allocated amount of Local Growth Fund finance to be used as grant or equity investment in businesses in the area. The company has three major services reflecting the initial aims. These are:

The Business Growth Service: targeting places and companies that will have the most impact on our goal to shift to a more inclusive growth dynamic across sub-economies;

The Inward Investment Service: for a new all-economy foreign direct investment and capital investment promotion service for the promotion of employment space and employment property development opportunities to investors and companies from the UK and overseas; and,

The Skills Service: a digital and physical service connecting business with skills providers and talent, including targeted support to double the number of apprenticeships over five years.

The majority shareholder in the Business Growth Service is with the Combined Authority, with Angle Holdings owning a single share.

One CAM Limited

One CAM Limited was incorporated in September 2020 and was established as a special purpose vehicle (SPV), as a necessary and best-practice step for delivering the infrastructure intended as part of the CAM.

This company was placed into dormancy, following its final Board meeting in December 2021, and will be formally struck-off the register at Companies House shortly.

Peterborough HE Property Company Limited

Incorporated in June 2020 the Peterborough HE Property Company Limited (Propco1) is a special purpose vehicle to deliver the new University on the embankment site in Peterborough. The Propco1 is the SPV for phase 1 of the programme and comprise of the Combined Authority, Peterborough City Council and the academic delivery partner, Anglia Ruskin University.

Peterborough R&D Property Company Limited

Incorporated In November 2020 for the construction of a Research & Development building which will deliver an Advanced Manufacturing Innovation Eco-System for Peterborough. The company is a joint venture between the CPCA and Photocentric Limited.

5. Timescales and Next Steps

- 5.1 Form the Shareholder Board.
- 5.2 Bring back a report to this committee following the first meeting of the shareholder board.

Significant Implications

6. Financial Implications

- 6.1 There are no direct financial implications at this stage.

7. Legal Implications

- 7.1 It is good governance to update the Audit and Governance committee on all matters relating to governance in Local Authority.

8. Public Health Implications

- 8.1 None.

9. Environmental and Climate Change Implications

- 9.1 None.

10. Other Significant Implications

- 10.1 None