



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 9.1

Governance of CPCA Subsidiary and Fully Owned Companies – Shareholder Board

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	30 November 2022
Public report:	Yes
Lead Member:	Councillor Edna Murphy, Lead Member for Governance
From:	Edwina Adefehinti, Interim Chief Officer Legal and Governance (Monitoring Officer)
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none">a) Approve the creation of a Shareholder Board to ensure that CPCA subsidiary companies act in the interests of the CPCA as shareholder, member and / or lender and contribute to the Authority's objectives.b) Note the draft Terms of Reference at set out at Appendix 2 and delegate approval of final terms to the Chief Executive Officer in consultation with the Lead Member for Governance, the Chief Finance Officer and the Monitoring Officer.
Voting arrangements:	<p>A simple majority of Members present and voting.</p> <p>To be carried, the vote must include the vote of the Mayor, or the Deputy Mayor when acting in place of the Mayor.</p>

1. Purpose

- 1.1 To seek approval for the creation of a shareholder Board.
- 1.2 The recommendations proposed will improve the Authority's company governance arrangements and will allow the Authority to closely monitor its interest within each of its companies with increased clarity, transparency, and reporting.
- 1.3 The proposals will ensure that the CPCA and its subsidiaries are meeting their legal and statutory responsibilities and are practising good governance.
- 1.4 The proposed Shareholder Board will be a board of the Executive and therefore a Board decision is needed.

2. Background

- 2.1 The CPCA has several subsidiary companies (owned or partly owned) in place and it is timely to review overall the governance arrangements to ensure continued visibility and reinforce best practise to deliver statutory arrangements
- 2.2 An audit report on Nottingham City Council's arrangements relating to its company, Robin Hood Energy, stresses the need to ensure that "sufficient checks and balances are in place and that risks are appropriately recognised and managed, that there is an effective scrutiny function and that challenge of political priorities by both members and officers is seen as a positive. This provides an important message that all local authorities establishing commercial entities should be alive to what is referred to as "institutional blindness".
- 2.3 The Authority is also aware that external auditors, such as Grant Thornton and EY, have issued public interest reports where local authority companies have performed poorly and where it was found that governance arrangements were not adequate. RSM, our internal auditors recently conducted an [internal audit of CPCA companies](#). This audit provided minimal assurance regarding the governance of the companies.
- 2.4 The CPCA is committed to maintaining strong and robust governance to ensure that decisions are taken in the best interests of the communities it serves. As part of this commitment, the CPCA will constantly review its governance arrangements alongside learning best practice with other authorities to ensure the Authority continues to meet its statutory obligations in the best way.
- 2.5 Oversight of CPCA companies will be established with visibility of board minutes and supporting papers being sent to the shareholder board.
- 2.6 Business plans of subsidiaries will be scrutinised by the Shareholder Board with the Shareholder representative regularly attending board meetings of CPCA companies.
- 2.7 The proposal for a shareholder Board is consistent with the best practice advice in the recent Local Authorities Companies Review Guidance ([Local Authorities Companies Review Guidance](#).)
- 2.8 The CPCA's companies will require on-going management and oversight save for OneCAM which is in the process of being wound up. The companies which CPCA currently owns or has an involvement with and to which this report immediately applies are set out below:
 - i. ANGLE HOLDINGS LIMITED

- ii. ANGLE DEVELOPMENTS (EAST) LIMITED
- iii. CAMBRIDGESHIRE & PETERBOROUGH GROWTH COMPANY
- iv. PETERBOROUGH HE PROPERTY COMPANY LIMITED
- v. PETERBOROUGH R&D PROPERTY COMPANY LIMITED

3. Timescales and Next Steps

- 3.1 Form the Shareholder Board.
- 3.2 Develop a support programme for proposed Board members.
- 3.3 Undertake due diligence reviews on all Companies and Directors.
- 3.4 Regular reports will be submitted by the Shareholder Board to CA Board at intervals to be agreed for any matters reserved for CA Board decision, such as proposed material changes or budgets and risk changes.
- 3.5 Reports on Company's progress will be submitted by the shareholder Board to CA Board at no less than annual intervals.

Significant Implications

4. Financial Implications

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

5. Legal Implications

- 5.1 See Appendix 2 for guidance.

6. Public Health Implications

- 6.1

7. Environmental and Climate Change Implications

- 7.1

8. Other Significant Implications

- 8.1

9. Appendices

- 9.1 Appendix 1 - Governance of Companies report
- 9.2 Appendix 2 – CPCA Shareholder Committee draft Terms of Reference

10. Background Papers

10.1 None.