



Company Governance Arrangements

Audit Committee – 30 September 2024



Briefing Overview

DCC Companies

Oversight of Company Governance Arrangements

Historic Arrangements

Roles & Responsibilities

DCC Companies

Wholly owned companies	
Chapter Homes Durham Limited	Development of houses for sale on open market. 4 Directors
Service Direct (Newco) Limited	General public administration activities – Tier 1 telecoms provider Small investment holding in Low Copelaw LLP 3 Directors (1 vacancy)

DCC Companies

Joint Venture Companies	
Forrest Park (Newton Aycliffe) Limited	Buying & selling of real estate to facilitate regeneration within Newton Aycliffe DCC 51% shareholding Forrest Family 49% shareholding 6 Directors, 4 appointed by DCC
Durham Villages Regeneration Limited	Construction of domestic buildings DCC 51% shareholding Keepmoat 49% shareholding 6 Directors, 2 appointed by DCC
Seaham Harbour Community Interest Company	Operation of warehouse & storage facilities for water transport activities. DCC 50% Shareholding 50% shareholding 3 Directors, 1 appointed by DCC

DCC Companies

Joint Venture Companies (continued)	
Low Copelaw Limited Liability Partnership	To facilitate housing development at Low Copelaw, Newton Aycliffe. DCC 99.9% shareholding Service Direct (Newco) Limited 0.1% shareholding. 2 Members, 1 appointed by DCC

Oversight of Company Governance

- **Annual Governance Statement** must reference the governance arrangements in place for Council companies
- **Best Value Performance Standards for Local Government 2024** – effective company governance arrangements in place, reviewed in accordance with Local Partnerships Local Authority Company Review Guidance.

Historic Arrangements

Review of Company Governance Arrangements in 2020 identified:

- Mix of Officer and Member appointments
- Previously Portfolio holders but most recently non-Cabinet Members
- Not reflective of best practice
- Irreconcilable tension between statutory duty on Councillors to act in best interests of Council and duty as Director
- Corporate Directors have delegated powers to take decisions in respect of Companies but big decisions referred to Cabinet
- Lack of Cabinet/Portfolio Holder oversight/awareness of company activity

Roles & Responsibilities

Shareholder Working Group

- Membership: Leader, Deputy Leader, Portfolio Holders for Resources, Investment & Assets, Economy & Partnerships, Corporate Director of Resources, Corporate Director of Regeneration, Economy & Growth, the Director of Legal & Democratic Services and the Head of Finance.
- Receives company annual reports
- Consideration of business plans; any proposals which require shareholder consent
- Consideration of any proposals for new companies
- Briefings in respect of particular issues
- Option for portfolio holders to attend Company Board meetings to observe
- Decision Making Cabinet/Corporate Directors but informed by SWG

Roles & Responsibilities

Company Governance Review Group

- Membership: Monitoring Officer (Chair), Deputy Monitoring Officer, Head of Finance & Deputy Section 151 Officer, Chief Internal Auditor, Head of Corporate Property & Land (REG representative and Strategic Leads (as required)).
- Protocol for establishing new companies
- Oversight of proposals relating to existing companies/new companies including business plans
- Ensuring clarity of roles and responsibilities
- Register of Companies
- Training

Roles & Responsibilities

Strategic Leads (Shareholder Representative)

- Acts as liaison between the Company & the Executive
- Maintains oversight of Company operations, management, performance
- Assists the Executive in holding Company Director's to account
- Ensures performance against the Business Plan
- May attend, observe, speak, question and challenge at Board meetings (but doesn't have a vote)
- Is the guardian of the Council's investment in the Company
- Makes recommendations in relation to Shareholder decisions (subject to appropriate delegations)