

# Company Handbook



Council governance of companies

## Overview of council governance relating to the companies

An overview of how the council's governance interacts with the companies (for example, the role of Full Council, Audit Committee, Shareholder Group)



## **Introduction**

1. Bristol City Council's governance processes (as a local authority) are distinct from those of the companies (as corporate entities). However, there are areas of overlap, where council governance is relevant to the companies. A map illustrating the relevant aspects of the council's governance in relation to the companies is included at **Appendix A**.
2. The purpose of this Guidance Note is to give an overview of the key elements of the council's governance structure, and how it relates to the companies.

## **Full Council**

3. Full Council comprises 70 Councillors, each of whom is elected for a four-year term and who represent the 34 wards of the City.
4. Full Council is responsible for:
  - a) Approving a number of strategy plans and strategies, including the council's budget and policy framework, which includes the level of council tax,
  - b) Establishes and appoints to committees, including chairs of committees, and the Leader and Deputy leader of the council,
  - c) Has other powers including the adoption of byelaws and appointment of Aldermen and Freedom of the City.
5. In February or March each year, Full Council approves the council's budget for the next financial year. Any funding required by the companies within that year will need to be provided for in the budget.

## **Policy Committees**

6. The council's committee structure includes eight policy committees that broadly align to the council's Corporate Strategy themes.
7. The primary committee responsible for governance relevant to council companies is the Strategy and Resources Committee, who also has oversight for:
  - a) Finance and budgets,
  - b) Commercialisation,
  - c) Departmental performance, budget and risk,
  - d) Propose the budget and policy framework, and
  - e) Performance.
8. Shareholdings related to council owned companies are the responsibility of the Strategy and Resources Committee. Therefore, all key decisions relating to council owned companies from a shareholding, financing or commissioning perspective will be taken at this committee.
9. Other committees, such as the Environment and Sustainability Committee and the Homes and Housing Delivery Committee may have a role in advising on the council's overall strategy with respect to waste or housing, which will inform the strategic objectives which are then ultimately are set for the companies.

## **Audit Committee**

10. BCC Audit Committee provides high-level assurance on the council's arrangements for governance, managing risk, maintaining an effective control environment, and reporting on both financial and non-financial performance.
11. In particular, Audit Committee is responsible for:
  - a) Oversight of the council's accounts, financial performance and governance arrangements, and
  - b) Codes of conduct and protocols which affect councillors and officers of the council. The companies are required to provide copies of their draft and final accounts to BCC officers for the purposes of consolidating the council's own accounts. The council's accounts are reviewed and approved by the Audit Committee.
12. The companies will also be required to complete annual Comprehensive Assurance Statements for the purposes of preparing the council's own Annual Governance Statement, which will be considered by the Audit Committee.
13. The Chair of Audit Committee receives a quarterly briefing on shareholder matters. This is facilitated by the Shareholder Liaison Manager.
14. Further guidance on Audit and Assurance is available through enquiries to the Shareholder Liaison team.

## **The Role of Shareholder Representative**

15. The Chief Executive is designated as the 'Shareholder Representative' of the Council, who has the authority to determine how the Council is to be represented in its role as the shareholder of the council Companies. Usually, the Chief Executive will hold this role themselves as the most senior officer of the council, and because it is not possible for this role to be designated to a Councillor under the Council's committee system constitution.
16. The 'Shareholder Representative' is responsible for exercising any decision making in this capacity in consultation with the Chair and Vice Chair of Strategy and Resources and referring any key decisions to the Strategy and Resources Committee. The Shareholder Representative is responsible for taking decisions that are reserved to the council as shareholder (these are called **Reserved Matters**).
17. Usually, such decisions will be made at weekly briefings, over email, or in such other forum, having received such advice, as s/he feels is appropriate to make the relevant decision. Usually 'Reserved Matter' decisions will not be made in the presence of the Shareholder Group, although the advice received at Shareholder Group on matters within the groups remit may be taken into account when the decision is made outside of the meeting.
18. On occasion, the Chief Executive may delegate responsibility for the Shareholder Representative function with respect to a particular company to another senior officer (**Delegate**), in the interests of appropriate management of conflicts of interest. The Delegate is also responsible for exercising any decision making in this capacity in consultation with the Chair and Vice Chair of Strategy and Resources.

## **Shareholder Group**

19. In 2015 a Shareholder Group was established to support and advise the 'Shareholder Representative' (and/or his Delegate) in relation to the council companies, it has a terms of reference which are updated from time to time, to reflect changes to the Council's and companies' governance structure.
20. The role of the Shareholder Group is to ensure that the companies:
  - a) Are achieving the Council's strategic objectives,
  - b) Are performing, from a corporate and finance perspective, adequately, and
  - c) Continue to be a worthwhile investment (either financially or for social value purposes).
21. The group includes the Shareholder Representative/delegate, the Chair and Vice Chair of Strategy and Resources, senior council officers and senior representatives from Bristol Holding Limited (**BHL**).

## **Companies Assurance Meeting**

22. A group of Bristol City Council officers, (including the Strategic Clients - the Service Directors who have within their portfolio's the line management of the Operational Clients), and Shareholder Liaison, alongside the Bristol Holding Ltd (BHL) board, meet quarterly, prior to the Shareholder Group, to carry out assurance on company health in a joined up way, combining the dual perspective of BCC as client and BHL as shareholder.
23. The purpose of this forum is to obtain a 360 degree view of; service and company health, assess potential risks to the group and Bristol City Council, and make appropriate recommendations to the Shareholder and Shareholder Group.

## **Officer involvement**

24. The following council officers are involved in supporting the Shareholder Representative in respect of the companies on a regular (at least weekly) basis:
  - a) Chief Executive
  - b) Director: Finance
  - c) Director: Legal & Democratic Services
  - d) Executive Director of Growth and Regeneration / Strategic Clients
  - e) Operational Clients
  - f) Shareholder Liaison Manager
25. The roles of the Strategic Client and the Operational Clients are to have oversight of strategic and operational relationships with the companies on a day to day basis, ensuring their objectives are aligned with that of the councils, and having oversight of any contractual and collaborative relationships. They will also lead on ensuring any proposals for new commercial ventures fit with the Council's ambitions from a policy,

strategy and financial perspective. Further guidance on the detailed role and responsibilities is available through enquiries to the Shareholder Liaison team.

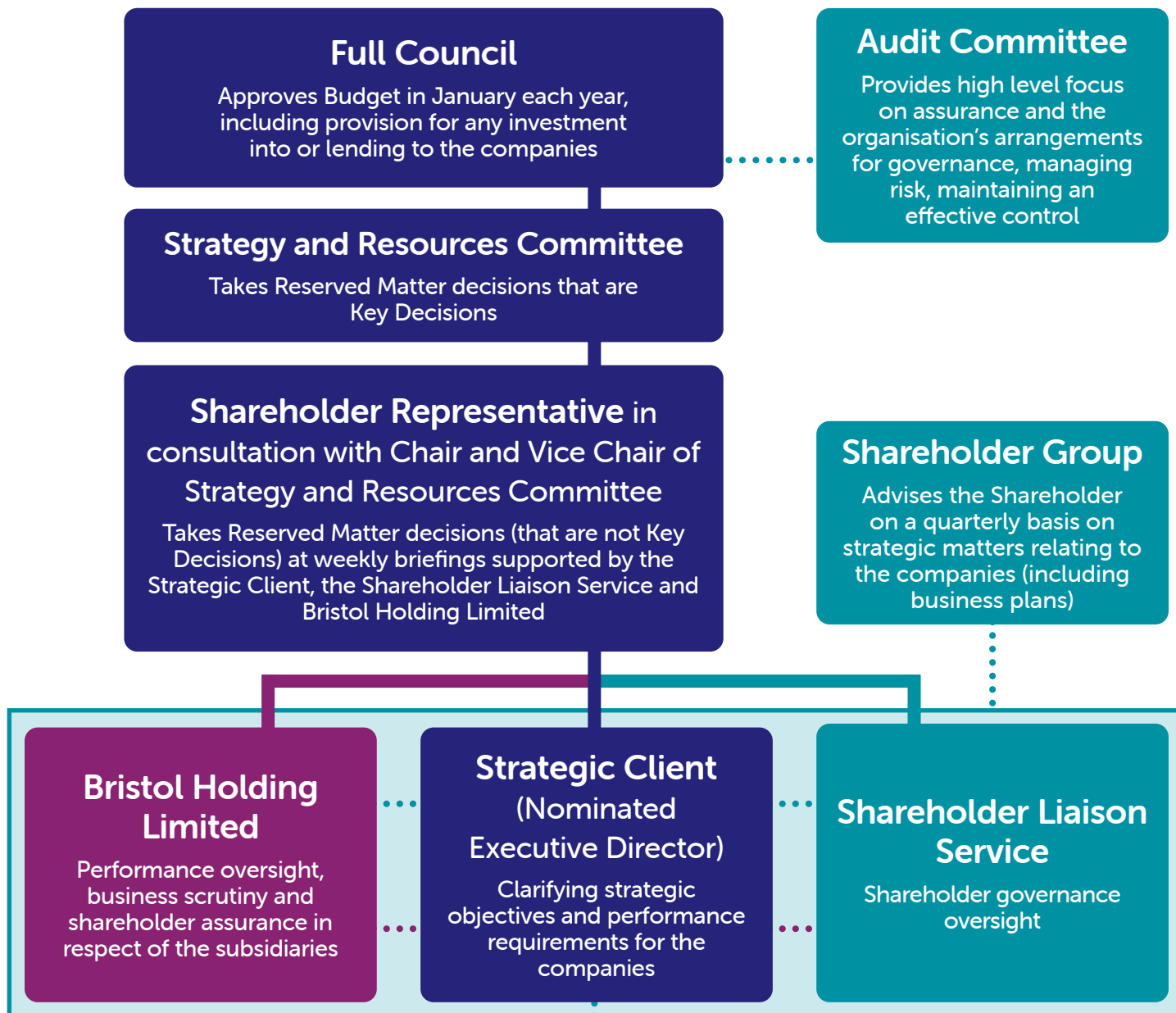
26. The role of the Shareholder Liaison Service is to provide a professional support and advisory function to the Shareholder Representative. This includes:
- a) Implementing and overseeing effective internal governance processes in respect of shareholder decisions,
  - b) Effectively communicating the Council's views and priorities as shareholder,
  - c) Supporting the companies' clients in achieving their ambitions through the companies,
  - d) Supporting the establishment and integration of new business ventures from a shareholder perspective; and
  - e) Managing responses to citizen queries in respect of the companies.

### **Further information**

27. For further information on this topic, please contact the Shareholder Liaison Manager [ShareholderLiaison@bristol.gov.uk](mailto:ShareholderLiaison@bristol.gov.uk)

## Appendix A

# Map of council governance relating to the companies



Forms the Companies Assurance Group providing assurance to the Shareholder Group

**Operational Clients**  
Day to day operational oversight of performance against relevant contracts



*Table 1: Version Control Table*

<b>Version</b>	<b>Summary of Edits</b>	<b>Editor</b>	<b>Date of Version</b>
<b>V 1</b>	<b>First version for publishing</b>	<b>Shareholder Liaison Service</b>	<b>November 2021</b>
<b>V 2</b>	<b>Second version for publishing</b>	<b>Shareholder Liaison Service</b>	<b>October 2023</b>
<b>V 3</b>	<b>Third version for publishing</b>	<b>Shareholder Liaison Service</b>	<b>April 2024</b>