



Report to: Executive Shareholder Meeting - 20 December 2022

Director Lead: John Robinson, Chief Executive

Lead Officer: Sue Bearman, Assistant Director Legal & Democratic Services, Monitoring Officer Ext.5935

Report Summary	
Type of Report	Open report, Non-Key Decision
Report Title	Review of Governance Agreement
Purpose of Report	To review updates to the Governance Agreement between the Council and Arkwood Limited
Recommendations	To approve the updated Governance Agreement as set out in the Appendix to the report for formal adoption by Full Council.
Alternative Options Considered	Some updates are required due to the Council’s own revised governance arrangements, so not alternative is appropriate. Where updates are recommended rather than required, the Executive Shareholder Meeting may reject or amend proposals.
Reason for Recommendations	To update the Governance Agreement as required, and to ensure the efficient transaction of Arkwood Limited business. The proposals align with the Council’s Community Plan objective to create more and better quality homes through our role as developer.

1.0 Background

- 1.1 The Governance Agreement for the Council’s wholly owned development company, Arkwood Limited, was approved by Full Council on 10 April 2018.
- 1.2 A review of the Agreement has been undertaken to ensure consistency with the Council’s revised internal governance arrangements (the Council moved to Executive Arrangements/Cabinet System in May 2022), and to consider if any other revisions should be recommended.

2.0 Proposal/Details of Options Considered

- 2.1 It is proposed that some minor necessary amendments are made to reflect the Council’s revised internal governance arrangements. These are shown as ‘tracked changes’ in the Appendix to the report.

- 2.2 Some minor amendments to Schedule 2, Shareholder Reserved Matters, are also proposed. These are also shown as 'tracked changes' in the Appendix to the report, and details are set out below.
- 2.3 Reserved Matter no. 5 'Employee Recruitment and Remuneration' reserves approval of a pay framework and job evaluation scheme for the Company to the Council. It is proposed, as an additional check and balance, for approval of any posts with total remuneration greater than £75K to be reserved to the Council.
- 2.4 Reserved Matter no. 18 'Pension' reserves establishment of any new pension scheme and the granting of certain pension rights for directors, pension arrangements for staff, and any matter affecting liabilities under the Local Government Pension Scheme (LGPS), to the Council. It is proposed for these matters to be reserved for Board approval going forward, with the exception of any decisions which will effect liabilities under the LGPS, which will still be reserved to the Council. The rationale for this change is to give greater autonomy to Arkwood, unless matters relate to liabilities under the Local Government Pension Scheme. It is considered appropriate for these operational matters to rest with the Arkwood Board, subject to transparent reporting to the Council.
- 2.5 The alternative option is to leave Reserved Matters 5 and 18 unchanged. In any event the appropriate checks and balances will need to be put in place to safeguard the Council's assets and ensure company funds are spent appropriately. Arkwood should be required to provide details via its Business Plan, which is presented to this Meeting for approval and this will therefore provide the required scrutiny and transparency.
- 2.6 The terms of reference for this Committee require amendments to the Governance Agreement to be referred to Full Council for adoption in due course.

3.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Full Council 10 April 2018 – Minute No. 82

<https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?CId=139&MId=165>