

Report to: Full Council - 7 February 2023

Committee Chairman: Councillor David Lloyd, Leader and Chairman of the Executive Shareholder Committee

Director Lead: John Robinson, Chief Executive

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

Report Summary	
Report Title	Arkwood Developments Limited Governance Agreement Amendments
Purpose of Report	To propose some minor amendments to the Governance Agreement between the Council and Arkwood Developments Limited
Recommendations	To approve the updated Governance Agreement as set out in the Appendix to the report
Reason for Recommendation	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

- 1.0 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. At its meeting of 20 December 2022, Executive Shareholder Committee approved the updated Agreement for formal adoption by Full Council.

2.0 Proposal/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 affect 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.

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 and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Full Council 10 April 2018 – Minute No. 82

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

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<https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?CId=299&MId=850>