

APPENDIX B

NEWARK AND SHERWOOD DISTRICT COUNCIL

GOVERNANCE AGREEMENT: SUMMARY

- This is a private agreement between the Council (as sole shareholder) and the company. Although not automatically publicly available like the Articles are, it may still be disclosable through Freedom of Information unless a relevant exemption applies. The company, like the Council, is subject to Freedom of Information.
- The agreement is intended to supplement the Articles and go into further detail about how the Council and the company will work together.
- Clause 2 deals with the business of the company and links back to the Objects in the Articles. The company must operate in accordance with its adopted Business Plan and in addition the Council requires the company to take into account social and ethical considerations.
- Clause 3 concerns the management of the company by the Board and restricts Board decision making in respect of Shareholder Reserved Matters. The clause also includes: specific restrictions on company officer remuneration; and requirements on the frequency of Board meetings.
- Clause 4 sets out that the Council will only provide support to the company where this is separately agreed and Clause 5 details the anti-corruption standards that the Council expects the company to adopt.
- Clause 6 details the procedure for preparing and adopting the Business Plan (this is a Shareholder Reserved Matter). Clause 7 sets out the accounting standards that the company is to adopt and provides for Council representatives to access financial information about the company.
- Clause 8 links to the dividend procedures in the Articles and requires the company to consult the Council prior to the Board making decisions about dividends (under the Articles declaring a dividend requires a shareholder decision in any event).
- Clause 9 provides that only the Council can terminate the agreement. Clause 10 states that the agreement has precedence over the Articles. If the Articles are different to what the agreement says then the Articles will need to be amended.

- Clauses 11 and 12 are about information and scrutiny. A confidentiality protocol is included to cover information held by either the Council or the company. The parties agree how they would deal with responding to Freedom of Information requests and compliance with the Local Government Transparency Code. The company also commits to making officers and information available to Council meetings. The company will also assist the Council in the event of an Ombudsman investigation.
- Clause 13 commits the company to complying with the Local Authorities (Companies) Order 1995. This means it must:
 - Mention on all company business letters, notices and other documents that it is controlled by the Council;
 - Adhere to limitations on pay and expenses of directors who are also elected members;
 - Not publish material in support of any political party;
 - Provide information to the Council's auditor;
 - Provide information (other than where it would breach any enactment or obligation owed to another person) to elected members of the Council reasonably required by the elected member for the proper discharge of their duties;
 - Make available minutes of general meetings for four years (save where it would breach any enactment or obligation owed to another person); and
 - Obtain appropriate consent to the appointment of the company's auditor.
- Clauses 14-27 are standard contractual clauses that regulate how the agreement operates at law and how it is interpreted.
- Clause 28 sets out the dispute resolution process. The company and the Council will attempt to resolve disputes but in the event resolution is not possible then the Council may direct the company to do what the Council requires. Wording is included to protect the Directors in respect of their duties to the company.
- Clause 29 details how the Council will undertake shareholder decision making in accordance with the governance arrangements approved by Full Council.
- Schedule 1 sets out that the Council will provide support services to the company in accordance with the terms of a separate service level agreement.

- Schedule 2 details the Shareholder Reserved Matters and any delegations to the Board and others.