

## **CABINET COMMITTEE – GROUP COMPANY GOVERNANCE**

**16 JANUARY 2019**

### **[Discussion Draft] Process for Creation of Companies**

**Before a new Company can be created, the following areas must be worked through and consultation must take place with Finance, Legal and HR. A report covering the following areas must be taken through either Cabinet (over £1m in turnover or assets) or Cabinet Committee – Group Company Governance (CC-GCG). The report should be cleared by the HR Business Partner, Finance Business Partner, Legal services and the Commercialism Board.**

**[Officer Group]**

The report to Cabinet/CC-GCG must satisfactorily address each of the following – successful completion of which could help form the basis of a business plan:

#### **Purpose of Company**

*What will the company deliver?*

#### **Why an Alternative Delivery / Special Purpose Vehicle?**

*Conduct a service review (if appropriate) and/or a full options appraisal. Explain why a company needs to be created. Advantages over in-house delivery. What are the benefits to BCC?*

#### **Type of Company vehicle proposed and rationale**

*Examples: Wholly Owned, Teckal, Joint Venture, Community Interest Company, Charitable*

#### **Company Equity**

*Will the company require equity, long term loan, cash flow loan to give it the initial resources/ working capital to ensure its solvency? [Consider State Aid implications].*

#### **Objectives**

*For Example: To deliver improvements in the service, to trade outside of the Council (private sector), drive out savings etc.*

#### **Governance**

*What governance arrangements will be required within the company? Who will form the company board? Who will act as company secretary?*

Who will form the senior leadership team within the company?  
What will be the Council's role / involvement with the company's governance structure? How will the Council exercise control or influence?

### **Intelligent Client Function**

Is there any cost / resource implication that needs to be considered if the Council has to undertake any continuous monitoring or handling / processing of information provided by the Company etc. what key information / reports will need to be provided to the Council on a regular basis by the company.

### **TUPE, Pensions Implications**

Are staff transferring from BCC? Will the company require admitted body status? How will staff and trades union consultation be carried out? Has due consideration been given to Equal Pay implications?

### **Guarantees and indemnities required**

Will the company require any guarantees in respect of pension fund, cash flow, leases etc.?

### **Tax and VAT implications**

Has the Council's Tax Specialist been consulted? Tax liabilities (e.g. Corporation) can add significantly to the cost base of a company compared to in-house service delivery.

### **Financial Implications**

Budget transfers required. Impact on support services and accommodation. State Aid considerations.

### **Financial Reporting**

What mechanism will be put in place to inform the shareholder and the client function of the financial performance of the company? Will the company be of a size to be incorporated within the Council's group accounts? Is the company aware of the reporting deadlines for financial statements?

### **Procurement Implications**

e.g. Exclusivity, legal and regulatory constraints.

### **Assets**

Will the company acquire any assets? How will the company finance the purchase of assets?

### **Borrowing and Investing**

What are the company's arrangements for investing surplus cash? Will the company require any borrowing facilities and if so, from whom?

### **IT and Data**

*Will the company use BCC systems? Will the company be a data controller or process data on behalf of the Council? Will IT assets belong to the company or remain BCC assets?*

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