



Audit & Governance Committee

04 November 2024

Title:	Update on Cambridgeshire and Peterborough Combined Authority Subsidiary Companies
Report of:	Matt Cumberbatch, Director of Legal & Governance and Monitoring Officer
Lead Member:	Mayor Nik Johnson, Chair of Investment Committee and the Combined Authority Board
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	Simple majority

Recommendations:

A	To Note the information provided on subsidiary companies of the Combined Authority
B	To note the role of the Investment Committee and the Combined Authority Board in relation to the decision-making relating to Combined Authority subsidiary company interests
C	To agree to receive further updates on combined authority subsidiary company matters

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

	Achieving Best Value and High Performance – the consideration of the work undertaken on subsidiary companies aims to ensure good governance in the work undertaken on subsidiary companies which consequently should contribute to good performance of those subsidiaries and therefore demonstrating best value.
--	---

1. Purpose

1.1	To provide an update concerning the status of the Combined Authority's subsidiary companies and the work being undertaken in relation to the administration and decision-making of those interests.
-----	---

2. Proposal

2.1	That this Committee review the arrangements for the administration of subsidiary companies of the Combined Authority as per the part of the Committee's terms of reference set out in paragraph 3.1 of this report
-----	--

3. Background

3.1	<p>Chapter 13 of the CA's Constitution in respect of the role of the Audit & Governance Committee states as follows:</p> <p><i>“Subsidiary Companies of the Combined Authority</i></p> <p><i>13.3.22 Assisting the Combined Authority in fulfilling its oversight responsibilities in relation to reviewing and monitoring activity of the trading companies.</i></p> <p><i>13.3.23 Advising the Combined Authority Board on any matters within the Committee’s powers pertaining to the trading companies.</i></p> <p><i>13.3.24 Providing appropriate review and challenge of the Combined Authority’s governance arrangements of its trading companies and its appointments to the boards of the companies.</i></p> <p><i>13.3.25 Providing appropriate review and challenge on the financial information provided to the Combined Authority by the trading companies.</i></p> <p><i>13.3.26 Commissioning, where appropriate, the Combined Authority’s internal audit function to undertake discrete activity relating to the Authority’s governance of its trading companies.”</i></p>
3.2	<p>As part of the improvement work undertaken by the Combined Authority, the Committee will be aware that a single assurance framework has been put in place and that includes the creation of an Investment Committee. Part of the responsibilities given to the Committee relates to the decision-making in respect of subsidiary companies. Extracts from the Constitution set out the Investment Committee’s purpose in this regard as follows (from Chapter 7, 7.6 of the Constitution):</p> <p><i>“C. advise and make decisions in line with delegated authority on behalf of the Mayor and the Combined Authority Board in the exercise of responsibilities for the Combined Authority’s functions as corporate shareholder of a company or group of companies and in their role in representing the Combined Authority as a Shareholder Representative at meetings of a company</i></p> <p><i>D. provide the necessary oversight, from a shareholder’s perspective, that the parameters, policies, and boundaries that the Combined Authority has established are being adhered to; Including a regular review of whether the Subsidiary provides the most effective vehicle to deliver the outcomes the Combined Authority requires and whether there are viable alternative models which might offer a more effective means of delivering its priorities”</i></p> <p>The full terms are set out at Chapter 7 of the Constitution at the following link https://democracy.cambridgeshirepeterborough-ca.gov.uk/documents/s1572/Boards%20and%20Committees.pdf</p>
3.3	<p>Further, the Constitution also includes a section on the shareholding and shareholder oversight at Chapter 17. Officers note that this section is in need of review and update including consideration of removing the section from the Constitution following the changes referred to in paragraph 3.2 of this report. Officers will undertake further work on this point and report back to this Committee with proposals to resolve the matter. A link to Chapter 17 of the Constitution is set out in the link below for completeness</p> <p>https://democracy.cambridgeshirepeterborough-ca.gov.uk/documents/s1475/Subsidiary%20Companies%20and%20Shareholder%20Oversight.pdf</p>
3.4	<p>The Investment Committee considered a detailed report on the subsidiary company interests at their meeting on 21 October 2024. A comprehensive report was provided to the Committee setting out up to date details of subsidiary company interests. A copy of that report in full is attached at Appendix 1 to this report.</p>
3.5	<p>Further, in order to demonstrate decision-making concerning subsidiary companies, the Committee is also asked to note the report which was presented to the Combined Authority Board on 16 October 2024 recommending officers to be instructed to undertake the actions required to wind-up the Cambridgeshire & Peterborough Business Growth Company Limited. The full report is attached at Appendix 2.</p>

3.6	<p>The Committee therefore will note the work undertaken in terms of the framework for review and decision-making in relation to the Combined Authority subsidiary companies. There has been progress in terms of the new arrangements following the creation of the Investment Committee and the detail in the reports provided (the report referred to in paragraph 3.4 of this report attached at Appendix A).</p> <p>However, statutory officers are of the view in addition to the good progress and improvement made to date that further work can be done to ensure more robust oversight and monitoring of these entities through an agreed framework and continuing comprehensive reporting. This work will take some time. The Committee will note recommendation C of this report, which is to allow progress on these matters to be reported back when further measurable advancements have been made.</p>
-----	--

4. Appendices

4.1	<p>Appendix 1: Subsidiary Companies report to the investment Committee on 21.10.24</p> <p>Appendix 2: Business Growth Company Ltd. Report to the CA Board on 16.10.24</p>
-----	---

5. Implications

Financial Implications

5.1	<p>There are no direct financial implications of this report to Committee and more detailed financial information on the Combined Authority's investments are included within the report's appendixes.</p> <p>The effective management of the Combined Authority's subsidiary companies, including the Combined Authority's role as a shareholder in terms of providing strategic direction and oversight, is key to ensuring that the company's business plans align with the objectives which underpinned the Authority's investments and deliver best value.</p>
-----	---

Legal Implications

5.2	<p>The legal implications as far as they relate to the decision-making and Constitution are contained within the main body of this report, further information is also available within the reports contained within the appendixes.</p> <p>The report makes reference to possible further changes to the Constitution and that will require a final determination to be made by the Combined Authority Board.</p>
-----	--

Public Health Implications

5.3	No direct implications
-----	------------------------

Environmental & Climate Change Implications

5.4	No direct implications
-----	------------------------

Other Significant Implications

5.5	None
-----	------

Background Papers

5.6	N/A
-----	-----