

Linked Bodies update

Governance and Ethics Committee
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Presenter:

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Background – Wolverhampton position

- My view as Monitoring Officer is that this Council is in a good position on Linked bodies
- Positive feedback from external auditors in the audit for 2021/22
- This Committee adopted Governance policy on Linked Bodies in November 2022
- Annual review of each linked body and deep dive at least every 3 years
- Currently deep dive on Wolverhampton Homes and Yoo Recruit

Background – Wolverhampton position

- What “linked bodies” does CWC have? These are listed on the following slides – critically for each there is:
 - a shareholder agreement/contract between the Council and the linked body defining the arrangement;
 - a business case and a regularly refreshed business plan setting out the key performance indicators and expected financial performance and
 - governance arrangements to monitor the compliance with the shareholder agreement/business case/business plan.

Background – Wolverhampton position

- Measures in place to monitor position include:
 - Internal Audit carry out at least one detailed audit into a linked body each year (WV Living in 2022/23)
 - At least 6 weekly update to Executive and Opposition Leader on Performance/Budget/Risk of each Linked Body
 - Scrutiny Panel discussions annually on each linked body with deep dive every 3 years
 - Linked Body Shareholder Board numbers increasing from 5 to 10 councillors
 - Each body has its own audit report – all for the last financial year have been unqualified

Oversight of Linked Bodies

Annual Governance Statement (AGS) – Monitoring of Council Bodies

Council companies has been a focus of auditors nationally as our auditors Grant Thornton have done Annual Governance Statement (which was approved by Audit and Risk Committee on 25 July 2023) has a heavier focus on monitoring of Council Bodies and how we ensure good governance in them

Also presentation on overall approach went to Resources and Equality panel on 29.6.22 and Governance and Ethics Committee in November 2022 - and then deep dive into governance of specific bodies at future panels including WVL arrangements on 14 July at residents Housing and Communities Panel

Key conclusion is that the Monitoring Officer has confidence that we have good arrangements in place to oversee the performance of these bodies. Auditors consider there to be good arrangements in place based on the Annual Audit Review in January 2023

There will continue to be careful consideration given to the way in which the Council monitors its owned/involved bodies and learns the lessons from best practice (and issues) in other authorities – eg Thurrock as the latest example

Shareholder Board – role and purpose

CIPFA Local authority owned companies: a good practice guide (2022 edition)

“The purpose of the shareholder board is to advise the shareholder representative in their role representing the authority at meetings of the company.

The shareholder board will provide necessary oversight from a shareholder’s perspective and provides a mechanism for councillors to have a crucial role in holding the company to account. [They] ensure that the objective and policies that the authority, as shareholder, has established for the company and are being adhered to. It will therefore monitor:

- Company performance against the business plan*
- Returns on investment, and*
- Risks and opportunities*

It will also consider matters reserved to the authority for approval, such as varying the articles of association or appointing the auditors.

The shareholder board will report and make recommendations to the mayor/leader or to the Cabinet. It will need to liaise closely with the authority’s overview and scrutiny committee and audit committee and to share reports with them in respect of the company.”

Linked Body – Wolverhampton Homes

1. Wolverhampton Homes - Wolverhampton Homes is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council.

- control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties, performance of the agreement with Wolverhampton Homes is regularly monitored.
- the agreement with Wolverhampton Homes and compliance with it is subject to a detailed review by the Council in 2022 to ensure that it remains fit for purpose as there is a break clause in the agreement in 2023.
- Detailed paper taken to Scrutiny Board in September 2023 and Cabinet in October 2023 suggesting some slight tweaks to current arrangements following Campbell Tickell review
- This will be regularly covered at the Climate Change Housing and Communities Scrutiny Panel

Linked Body – WV Living

2. **WV Living** - City of Wolverhampton Housing Company Limited – this is a wholly owned trading company set up under the powers in the Local Government Act 2003 and is known as WV Living focused on developing properties within the City to meet the Council’s aspirations in terms of available housing.

Deep dive due to take place in 2024 (last one in 2021)

Linked Body – Help 2 Own

3. Help 2 Own – this is a limited liability partnership that was jointly established with the West Midlands Combined Authority in 2021 to pilot an affordable housing product that helps to address the issue that many potential buyers who are in work have in raising the deposit to secure a mortgage.

This is the subject of a number of legal agreements which sets up the contractual and governance arrangements between the relevant parties.

Linked Body – Yoo Recruit

4. Yoo Recruit Limited – wholly owned trading company set up under the powers in the Local Government Act 2003 and provides staffing to the Council and other bodies.

- a company wholly owned by the Council, is the route through which the Council provides the vast majority of its temporary staffing. It has proved to be a cost effective way of controlling the cost and availability of temporary staff.
- recruitment and retention is a strategic risk that all local authorities and many public and private sector bodies are facing and has been added to the Council's strategic risk register.
- as the Council does with other linked bodies it is currently reviewing how Yoo Recruit is operating and its future options. This is a “deep dive” review that takes place every 3 years.
- the review and the proposed way forward will be brought to Cabinet Member around November/December 2023 and then Scrutiny and Cabinet.
- it is important that the role of Yoo Recruit is seen in the context of the wider work in the authority to strengthen the existing Human resources team and provide improved support in recruitment and retention.

Yoo Recruit - Governance

- Yoo Recruit is wholly owned by the Council
- Yoo Recruit Ltd board made up of a number officers appointed by the Cabinet to the board – no payments made to the directors
- Current contract with Adecco expires in August 2024
- Yoo Recruit is audited by external auditors – latest accounts detailed [here](#) – has had a clean bill of health
- The Council ultimately has the power to decide, as it does with all companies that it owns, whether to continue to operate Yoo Recruit or to move to a different approach.
- Monitoring Officer view is that currently there are very limited risks from the current operating model and that the arrangements in place are satisfactory