

Governance and Audit Committee Report

LCC Interests in Third Parties

Lead director: Kamal Adatia, City Barrister & Head of
Standards

Date of Meeting: 16th September 2026

Useful information

- Ward(s) affected: All
- Report author: Kevin Carter
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- Report version number:

1. Summary

- 1.1 The Council continues to maintain interests in a range of third-party organisations through shareholdings, memberships, trustee appointments, directorships and other governance arrangements. These interests support the Council's strategic objectives, partnership working and service delivery aspirations.
- 1.2 Previous reports to Audit & Risk Committee in March 2021 and Governance & Audit Committee in September 2024 identified a series of actions designed to strengthen governance arrangements, oversight and risk management in relation to the Council's third-party interests.
- 1.3 This report provides a further update on the implementation of those actions and seeks to provide assurance that appropriate governance arrangements continue to be maintained.
- 1.4 Overall, officers consider that governance arrangements remain appropriate and proportionate to the nature and scale of the Council's current interests. However, continued vigilance is required to ensure that risks are effectively managed, particularly where councillors and officers undertake governance roles on behalf of the Council.

2. Recommended actions/decision

It is recommended that the Committee notes the report, supports the proposed actions and makes any comments they consider relevant.

3. Scrutiny / stakeholder engagement

None.

4. Background and options with supporting evidence

- 4.1 A report was presented to Audit & Risk Committee in March 2021 following national concerns regarding governance failings and financial losses arising from local authority companies. That report reviewed the Council's involvement in third-party organisations and proposed a number of improvements to governance and oversight arrangements.
- 4.2 A subsequent report was presented to Governance & Audit Committee in September 2024 which reviewed progress against those actions and confirmed the establishment of a number of governance measures, including a register of third-

party interests, training arrangements and proposals for a more formal approval process for future appointments and organisational involvement.

4.3 This report provides a further update on developments since September 2024.

(I) Formalised training for officers & councillors acting as directors and/or trustees, covering key areas such as legal requirements, best practice and conflicts of interest.

4.4 Training was delivered by an external firm of solicitors in October 2022 on the topic “Formal Duties of a Director or Trustee under the Companies Act & Charities Act”.

4.5 Further training is being organised for this autumn to cover the following topics:

- Managing the interface between duties owed to the third-party organisation and responsibilities as a councillor or officer.
- Identifying and managing actual, potential and perceived conflicts of interest.
- Situations in which the interests of the organisation and those of the Council may diverge, and how such circumstances should be approached.
- Recent legal, regulatory and governance developments affecting directors and trustees.
- Lessons learned from governance failures, regulatory investigations or disputes involving public bodies, charities or local authority-related entities.
- Effective governance behaviours, challenge and oversight within boards and trustee bodies.
- Information-sharing, confidentiality and privilege issues arising from dual roles.
- Questions and discussion arising from attendees' practical experiences.

4.6 The training will be delivered remotely so that a recording of the session and a slide set will then be available on InterFace as a resource for those involved in third party organisations to access and return to as needed.

4.7 The Committee is asked to endorse the importance of training and is also invited to put forward any topics or themes which the training should cover.

(II) Where we are a member of a Company or Shareholder (and it is not wholly owned) ensuring those companies have an appointed Council officer (who is not a director) who will receive communications intended for shareholders/members, and where appropriate may attend the Annual General Meeting to represent the Council's interests.

4.8 Officers have continued work to strengthen oversight arrangements, including where appropriate, retention and review of governance documents and key constitutional information along with improved central record keeping. Officer contacts for these companies are identified in the final column in the Appendix.

4.9 Further work is being undertaken to ensure a consistent approach across all relevant organisations.

(III) If a dormant partly or wholly owned company were to become active, then the governance arrangements would require review and a report back to the Committee.

4.10 As described in the previous report, in this scenario the relevant company would already have governance documents in place, which would require review. Such review would include ensuring the strategic rationale for the company, clarity on the required roles and responsibilities and ensuring sufficient skills are held for commercial decision-making. In addition, re-activating a company may justify a new business case.

4.11 There have not been any instances of a dormant partly or wholly owned company becoming active since the original report in 2021.

(IV) A register of third parties in which the Council has an interest is established and maintained.

4.12 The register established following the 2021 report continues to be maintained. The current version is set out in the Appendix and shows there remains a mix of councillors and officers in roles.

4.13 The register is split into two sections: firstly, those organisations in which members/ officers have been appointed to decision-making roles, and secondly those where roles are non-decision making, such as where the Lord Mayor holds honorary positions. It shows that the Council currently has decision-making roles in twenty different organisations and advisory/ non decision-making roles in seven. Both decision-making and non decision-making roles are held in two organisations, being Leicester Theatre Trust Limited (Curve Theatre) and Leicester Arts Centre Limited (Phoenix Cinema).

4.14 The governance structure of each organisation is included in the register and show a range of structures including non-profitable and charitable companies, registered charities, trusts and unincorporated associations. It should be noted that those identified as a "Charitable Company" are dual registered with Companies House (as companies limited by guarantee) and the Charity Commission (as registered charities).

4.15 It should also be noted that any subsidiaries of these companies are not included in the list. For example, some charitable companies have wholly owned 'trading arms' for their non-charitable activities. Firebird Trading Ltd, which is a wholly owned subsidiary company of Leicester Arts Centre Ltd, is a corporate subsidiary through which activities such as catering services and venue hire are routed.

4.16 A number of third party interests have ended since September 2024, including:

- Forge Health Ltd (which was wholly owned by the Combined Fire Authority), Fosse Energy Ltd, Housing Leicester Ltd and The Leicester DNA Centre Ltd have been wound up as they were no longer required.
- The New College Leicester Trust was dissolved in February 2026.
- The Council no longer has a director on the board of BID Leicester Ltd (however, a Council representative now attends board as an observer).
- The Council's entitlement to a directorship of Leicestershire County Cricket Club ceased when the Cricket Club fully repaid their loan last year.

(V) Ensure we have appropriate indemnity cover for appointed directors/trustees to protect against potential liability claims.

- 4.17 The Committee previously received assurance in the 2024 report regarding the availability of indemnity and insurance arrangements for councillors and officers appointed to external bodies. However, indemnities will not cover every situation.
- 4.18 As set out in the 2024 report, it is important that appointments are considered on a case-by-case basis with support from Insurance Services to provide appropriate protection or insurance given that different types of third parties carry different types and levels of risk.
- (VI) Ensure there is a formal process to approve new organisations that the council wishes to establish (whether it is wholly or partly owned) or join (where it is an existing company) or appoint trustees/directors to. Including ensuring we have appropriate governance arrangements.
- 4.19 Where the Council seeks to establish a new organisation or join an existing one in which it is going to have a formal governance role, a business case process is followed which requires the approval of the Chief Operating Officer in consultation with the Section 151 Officer and Monitoring Officer. Although internal guidance could be developed, it is more beneficial for the approval process to be appropriate to the particular circumstances and proportionate to the level of potential risk involved.
- 4.20 A recent example of this is EM Lawshare, which is a public sector legal services consortium (unincorporated association) that enables the Council and other local authorities, as well as other public bodies, to access value for money specialist external legal services through a shared framework arrangement, while also providing training and development for in-house legal teams. The business case process described above was followed and the requisite approvals obtained.
- 4.21 Where appropriate, an Executive Decision is sought and the decision to establish a new organisation or join an existing one is reported back to this Committee for information to support transparency. The 2024 report referred to the Council becoming a member of Veritau Public Sector Ltd. This remains the most recent example.
- 4.22 The appointment, or revocation, by the Council of a councillor to any third party office is made by the City Mayor. Appointments of officers are made by the Chief Operating Officer or relevant director following appropriate consultation.
- 4.23 For clarity, this is not intended to cover situations such as where councillors or officers become school governors or undertake other voluntary roles in the community where such appointments and roles are in a personal capacity rather than being appointed on behalf of the Council. In such circumstances, councillors need to comply with their Code of Conduct, including declaring the interest on appointment, and officers remain subject to their employment contract and HR policies.
- 4.24 For councillors and officers who hold roles as directors it is important to note that they carry a number of statutory duties to their company under the Companies Act 2006 and they are expected to be familiar with these duties, particularly those which could lead to a potential, actual or perceived conflict with their role at the Council (e.g. the duties to promote the success of the company, to exercise independent

judgement, and to avoid conflicts of interest). Similarly, trustees of charities are subject to separate, albeit sometimes overlapping, duties. Where the organisation is both a charity and a company, the councillor/ officer will be required to be cognisant of and abide by both governance regimes.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no financial implications arising directly from this report. However, good governance of the Council's third-party interests minimises any associated risks.

Signed: Claire Gavagan, Assistant Director of Finance

Dated: 3 September 2026

5.2 Legal implications

As noted earlier in the report, there is a wide variety of organisations in the Appendix and it should be noted that the nature of them will dictate the extent to which the Council has a role or control of the organisation. The report does not provide a detailed legal position on each.

There are a range of statutory powers available to the Council to participate in third parties, including councillor or officer participation such as:

- general power of competence in Section 1 of the Localism Act 2011.
- power to trade in Section 95 of the Local Government Act 2003.
- 'incidental' power in Section 111 of the Local Government Act 1972.
- other powers to participate in companies for specific purposes.

In addition, local authorities are empowered by Section 139 of the Local Government Act 1972 to receive and hold gifts on charitable trusts.

Further legal implications are set out in the body of this report.

Signed: Kevin Carter, Head of Law (Commercial, Property & Planning)

Dated: 1 September 2026

5.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. There are no equality impacts arising directly from the recommendations in this report. It is important to ensure the Council is transparent and is as open and engaging with all its local communities through its governance practices.

The proposed training should, where relevant, reinforce the importance of equality, inclusion and accessibility in decision-making, particularly where third-party organisations deliver services, activities or facilities used by Leicester residents.

Signed: Surinder Singh, Equalities Officer, Ext 37 4148

Dated: 1 September 2026

5.4 Climate Emergency implications

This report relates to governance arrangements for the Council's interests in third-party organisations and does not propose any changes that would have direct climate emergency implications. Any climate impacts associated with the activities of individual organisations would be considered separately through relevant decision-making processes.

Signed: Phil Ball, Sustainability Officer, Ext 372246

Dated: 2 September 2026

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

'LCC Interests in Third Parties' paper to Audit & Risk Committee, 17th March 2021: [Executive decisions \(leicester.gov.uk\)](#)

'LCC Interests in Third Parties' paper to Governance and Audit Committee, 18th September 2024: [Executive decisions](#)

7. Summary of appendices:

Appendix - Leicester City Council's interest in third parties.

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a "key decision"? If so, why?

No.