

West Surrey Shadow Authority		
Report title: Governance Arrangements for West Surrey Council's interests in Companies and other Corporate Entities		
Report to: Constitution Working Group Standards Committee		
Date: Constitution Working Group – 29 October 2026 Standards Committee – 2 November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl & Cllr Leslie Rice		
Report of : Susan Sale, Monitoring Officer (interim)		
Report author(s): Susan Sale, Monitoring Officer (interim)		
Wards affected: All Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Implementation Team Leader (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	23 October 2026
Monitoring Officer	Susan Sale	23 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	23 October 2026
Committee Chair consultation	Cllr Joanne Shaw Cllr Richard Wilson	23 October 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	23 October 2026

1. Executive Summary

- 1.1** The predecessor Council's of West Surrey Council, being Surrey County Council ("SCC") and the six District and Borough Councils of Spelthorne Borough Council, Runnymede Borough Council, Woking Borough Council, Surrey Heath Borough Council, Guildford Borough Council and Waverley Borough Council, have, between them various interest in companies and other corporate entities. These interests will legally transfer to West Surrey Council on 1 April 2027 when the predecessor authorities are abolished and their powers, duties, functions and responsibilities legally vest in West Surrey Council and, where relevant, East Surrey Council.
- 1.2** It is essential that West Surrey Council has robust governance arrangements in place to ensure adequate oversight of its interests in companies and other corporate entities and that such arrangements are effective and implemented from Vesting Day.
- 1.3** Therefore a Company Governance Protocol has been developed, as attached at appendix 1 to this report, which is recommended for adoption into the West Surrey Council Constitution from Vesting Day.

2 Recommendations:

- 2.1** That the Constitution Working Group:
- 2.1.1** **Considers the Company Governance Protocol, attached to this report at Appendix 1, and either endorses it or makes amendments to it, before recommending it to the Standards Committee, for their approval and recommendation to the Shadow Authority for adoption into the West Surrey Constitution with effect from 1 April 2027;**
- 2.2** That the Standards Committee resolves to:
- 2.2.1** **Approve the Company Governance Protocol, attached at appendix 1 to this report, and recommend it to the Shadow Authority for approval and inclusion to the West Surrey Council Constitution with effect from 1 April 2027;**
- 2.2.2** **Recommendation to the Shadow Authority that they delegate authority to the Monitoring Officer to complete Appendix A to Appendix 1 in due course, with the relevant Company interests of West Surrey Council and make necessary or appropriate minor amendment to the Company Governance Protocol and any other consequential amendments needed elsewhere in the Constitution.**

3 Reason(s) for recommendation:

- 3.1** It is essential, to comply with statutory obligations, as well as good governance, that West Surrey Council has governance arrangements formally adopted and in place from Vesting Day in respect of their duties and responsibilities to their Company and corporate entities. This can be achieved by the adoption of the Corporate Governance Protocol.
- 3.2** The attached proposed Company Governance Protocol provides the Council will appropriate oversight and mitigates against legal, financial and governance risks.

4 Next steps

- 4.1** This report is to be considered by the Constitution Working Group on 29 October 2026, who shall either endorse it or make amendments to it, and then endorse an amended version, before recommending it to the Standards Committee.
- 4.2** The report will then be considered by the Standards Committee on 2 November 2026 who will be asked to approve the Company Governance Protocol and recommend its approval and formal adoption into the Constitution, from Vesting Day.
- 4.3** The Shadow Authority will receive the recommendation from the Standards Committee in early 2027, and will be asked to delegate authority to the Monitoring Officer to finalise and make minor amendments to the Company Governance Protocol and make any consequential amendments to elsewhere in the Constitution, arising from the adoption of this Protocol.
- 4.4** If approved, the Company Governance Protocol will come into effect in the West Surrey Council 1st April 2027 version of the Constitution, to be implemented for Vesting Day.
- 4.5** The Company Governance Protocol was considered by the Constitution Working Group on 29 October 2026. Various minor amendments were proposed by the Monitoring Officer and supported by the Working Group including to:
- i) Reflect the fact that some companies where West Surrey Council has an interest may not be wholly owned and therefore the Shareholder Committee may not be able to impose obligations; and
 - ii) Reflect the fact that the Executive Shareholder Committee should review all companies in which West Surrey Council has an interest within 6 months of Vesting Day and at least 3 yearly thereafter.

5 Exemption from publication

- 5.1** None of this report is exempt from publication.

6 Background and Proposal

- 6.1** Amongst the predecessor councils of West Surrey Council there are a myriad of company and corporate entity arrangements, including companies wholly owned by a sovereign council, and companies where one or more of the sovereign councils have an interest in their ownership. Such interests in companies will transfer from the predecessor councils when West Surrey Council becomes the sovereign council in West Surrey on 1 April 2027.
- 6.2** Some company interests of Surrey County Council may become the interests of both or either East Surrey Council and West Surrey Council and arrangements for the governance of such interests may need to involve joint arrangements between the two authorities. Any such proposals for joint company governance arrangements will be developed in due course.
- 6.3** In respect of those company interests that shall vest in West Surrey Council, it is imperative that the Council has robust governance arrangements in place from 1st April when the legal and financial responsibility for such entities will vest in West Surrey Council. The Council will need to have oversight of its commercial interests and the governance of such interests, and have arrangements in place aimed at mitigating any legal and financial risks and ensuring the statutory duty of best value is met.
- 6.4** The Company Governance Protocol is aimed at achieving robust governance. It sets out to:
- enable timely decisions to help Companies operate effectively;
 - support effective governance;
 - ensure accountability for the use of public resources;
 - provide clarity regarding roles and responsibilities;
 - protect the Council's investment and interests;
 - support effective shareholder oversight and management of risk;
 - facilitate appropriate democratic accountability; and
 - promote good governance consistent with recognised local government and corporate governance principles.

- 6.5** The Company Governance Protocol, attached to this report at appendix 1, is intended to form part of the West Surrey Council's governance framework, and therefore to be formally adopted into the Constitution. It should be effective from 1 April 2027 when the powers, duties and responsibilities are vested in the new unitary council, by virtue of the Surrey (Structural Changes) Order 2026.
- 6.6** The Protocol provides that the shareholder function of West Surrey Council is an Executive function in line with 'The Governance of Council Interests in Companies – Code of Practice 2018'. It proposes that the Executive exercise the function through the establishment of a Sub Committee of the Executive, whose membership would include the Leader or his nominated representative, and between 2 and 9 other executive members.
- 6.7** The Company Governance Protocol sets out clear roles and responsibilities for those involved in relevant companies, whether involved in a role for the company or for the Council, and provides clarity over how to deal with conflicts of interests, whether actual, potential or perceived, which can often arise. It also deals with the appointment of Directors to companies, and provides a framework for the process, and of a Shareholder representative, where required. It includes a framework of reporting on a periodic basis, for various company matters to ensure full and proper oversight by the Executive members.
- 6.8** The Company Governance Protocol will need to be finalised by the Monitoring at Appendix A before Vesting Day to include a list of all company interests that will vest in West Surrey on 1 April 2027. It is proposed that the Protocol be kept under continuous review and that the Constitution Working Group, or similar body, established at the 2027 annual Council meeting, include this for an early review on their 27/28 work programme.

7 Consultation

- 7.1** Consultation has been undertaken with the Company workstream of the Implementation team in the development of the Company Governance Protocol.
- 7.2** Consultation has been undertaken with the Leader, Deputy Leader and relevant Portfolio Holders on the proposed Company Governance Protocol.
- 7.3** Consultation has been undertaken with the three West Surrey Shadow Authority interim statutory officers.

8 Key Risks

- 8.1** There are significant risks associated with the legal obligations and duties arising from West Surrey Council's interests in companies and corporate entities and these are mitigated by having the Company Governance Protocol formally as part of the governance and assurance arrangements of the Council and formally adopted into the Constitution.

9 Options

- 9.1** To recommend the Company Governance Protocol for approval and adoption into the Constitution – recommended.
- 9.2** To amend and then recommend the Company Governance Protocol for approval and adoption into the Constitution – not recommended.
- 9.3** To not recommend the Company Governance Protocol for approval and adoption into the Constitution – not recommended.

10 Issues for consideration

10.1 Financial Implications

- 10.1.1 Text here
- 10.1.2 Text here
- 10.1.3 Text here

10.2 Section 151 Officer Commentary

- 10.2.1 Text here

10.3 Legal Implications

- 10.3.1 The Surrey (Structural Changes) Order 2026 provides that all company and corporate entity interest will transfer from Spelthorne Borough Council, Runnymede Borough Council, Surrey Health Borough Council, Woking Borough Council, Guildford Borough Council and Waverley Borough Council and vest in West Surrey Council on 1 April 2027. The same Order provides that company interest of Surrey County Council will vest in either East Surrey Council or West Surrey Council or both jointly from Vesting Day; such arrangements as to legal ownership will be set out in a s16 agreement in due course and arrangements for the running of such joint interests will be incorporated into an inter-authority agreement.

10.4 Monitoring Officer Commentary

- 10.4.1 The Company Governance Protocol ensures clarity and transparency around the arrangements for the Council having oversight of its company interests. Compliance with the Protocol reduces risk, provides good and robust governance and defines roles and responsibilities.

10.5 People/Human Resources Implications

- 10.5.1 There are no people or human resources implications arising from this report.

10.6 Equality and Diversity Implications

- 10.6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 10.6.3 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.'

10.7 Climate Change and Sustainability Implications

- 10.7.1 There are no climate change nor sustainability implications arising from this report.

10.8 Stakeholders Implications

- 10.8.1 There are no stakeholder implications arising from this report.

11 Overview & Scrutiny Comments

11.1 Not applicable

12 List of Appendices

12.1 Appendix 1: Draft Company Governance Protocol for West Surrey Council

13 List of Background papers

13.1 None