Oldham Total Care Limited: Governance Framework

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Reason for Decision

This report seeks approval for a revised and integrated governance framework for Oldham Total Care Limited. The proposed framework combines the Oldham Total Care Limited Single Governance Suite, the Terms of Reference for the Oldham Total Care Steering Committee, and the Directors' Service Agreement and Governance Protocol into a single, coherent governance structure. Together, these documents provide greater clarity regarding roles, responsibilities, accountability and decision-making arrangements, strengthening the relationship between Oldham Metropolitan Borough Council as the sole shareholder and Oldham Total Care Limited as a separate legal entity and wholly owned Local Authority Trading Company. The revised framework will support effective governance, enhance oversight and ensure that both organisations operate within a clear and robust governance structure.

Executive Summary

Oldham Total Care Limited is a wholly owned company of Oldham Metropolitan Borough Council. The Council therefore has an important interest in the company's strategic direction, financial sustainability, service quality, regulatory compliance and overall governance.

At the same time, Oldham Total Care Limited is a separate legal entity. Its directors owe their statutory duties to the company, and its Board must retain genuine responsibility for the company's strategy, governance, stewardship and performance. The Council should exercise its rights through proper shareholder, commissioning and constitutional routes rather than through informal operational direction.

The proposed framework is built around a clear principle:

The Council owns the company; the Oldham Total Care Board governs and directs the company; executive management manages its day-to-day business; and the Oldham Total Care Steering Committee provides the strategic interface through

which the Council receives assurance, exercises challenge and considers matters relevant to its position as shareholder.

This is intended to strengthen accountability rather than add another layer of management. It establishes clearer boundaries between the distinct roles of:

a. the Council as shareholder;

b. the Council as commissioner and contracting authority;

c. the Oldham Total Care Board;

d. the company's executive management; and

e. the proposed Steering Committee.

The arrangements also create a more systematic route for the early identification and escalation of financial, quality, workforce, commercial, regulatory and governance risks.

Recommendations

The Chief Executive and Leaders are asked to:

a. approve the Oldham Total Care Limited Single Governance Suite at Appendix 1 as the overarching framework governing the relationship between the Council, as shareholder, and Oldham Total Care Limited;

b. approve the establishment and operation of the Oldham Total Care Steering Committee in accordance with the Terms of Reference at Appendix 2;

c. approve the Directors' Service Agreement and Governance Protocol at Appendix 3 as the standard governance agreement applying to executive and non-executive directors of Oldham Total Care Limited;

d. confirm that the Oldham Total Care Steering Committee will operate as the principal strategic interface between the Council and the company, providing shareholder assurance, constructive challenge and a route for escalation, without assuming the responsibilities of the company's Board or executive management;

e. confirm that the Steering Committee will meet monthly during the current recovery and stabilisation period, moving to a quarterly cycle when sustained stability has been demonstrated and formally agreed by the Council;

f. delegate authority to the Deputy Chief Executive, in consultation with the Monitoring Officer and Director of Finance, to make any final technical, legal, financial or drafting amendments required before implementation, provided these do not materially alter the governance principles approved by Cabinet;

g. authorise the Monitoring Officer to ensure that the arrangements are aligned with the Council's Constitution, shareholder decision-making arrangements and the company's Articles of Association;

h. request that the Oldham Total Care Board considers and formally adopts those elements of the governance framework requiring company approval; and

i. require the governance framework to be reviewed annually, and earlier where there is a material change in legislation, regulation, the company's operating model, its Articles of Association or the Council's shareholder arrangements.

Leaders Session **5th October 2026**

Oldham Total Care Limited: Governance Framework

1. Background

1.1 The Council has several distinct relationships with Oldham Total Care Limited. It is the company's sole shareholder, a commissioner and contracting authority, a strategic partner and a local authority exercising statutory responsibilities.

1.2 These roles are connected, but they are not interchangeable. In particular, a commissioning decision should not be treated automatically as a shareholder decision, and shareholder oversight should not extend into the routine operational management of the company.

1.3 Clear governance is particularly important where decisions may affect:

a. the quality, safety or continuity of care;

b. the company's financial sustainability or liquidity;

c. the Council's financial or reputational exposure;

d. workforce capacity and the use of agency staff;

e. regulatory compliance and safeguarding;

f. the company's operating model or commercial strategy;

g. borrowing, capital expenditure or investment;

h. material changes to the company's business plan; or

i. matters requiring formal shareholder approval.

1.4 The proposed documents provide a single, coherent framework for managing these relationships and responsibilities.

2. The proposed governance model

2.1 The Council as shareholder

2.1.1 The Council will determine the strategic outcomes it expects from its ownership of Oldham Total Care Limited, approve matters reserved to the shareholder and hold the company to account for its performance and stewardship.

2.1.2 Formal shareholder powers will continue to be exercised by the person or body holding the relevant authority under the Council's Constitution, delegations, the company's Articles of Association and any applicable shareholder arrangements.

2.1.3 The Steering Committee will be able to consider and make recommendations on shareholder matters. It will not itself exercise formal shareholder powers unless these have been expressly delegated to it.

2.2 The Oldham Total Care Board

2.2.1 The Board will remain collectively responsible for the company's governance, strategy, stewardship, financial sustainability, internal control, risk management and statutory and regulatory compliance.

2.2.2 The Board will approve the company's business plan and budget, scrutinise executive performance and ensure that material risks are identified, managed and escalated appropriately.

2.2.3 The Board will retain responsibility for decisions that are not reserved to the Council as shareholder or lawfully delegated to executive management.

2.3 Executive management

2.3.1 The company's executive management will remain responsible for day-to-day management and for implementing the strategy, plans, policies and decisions approved by the Board.

2.3.2 Executive management will be responsible for providing the Board with timely, accurate and sufficient information and for escalating matters that exceed delegated authority or could materially affect the company or the Council.

2.4 The Council as commissioner

2.4.1 The Council's commissioning functions will continue to specify outcomes, assess needs, manage contracts and obtain assurance about services purchased from Oldham Total Care Limited.

2.4.2 Commissioning and shareholder responsibilities will be kept appropriately distinct. Where a commissioning or contractual issue has a material effect on the company's strategic or financial position, it will be reported through the appropriate company and shareholder governance routes.

3. Oldham Total Care Steering Committee

3.1 The proposed Steering Committee will provide the formal strategic bridge between the Council and the company.

3.2 Its principal functions will be to:

a. receive assurance about the company's financial, operational and strategic performance;

b. consider quality, CQC, safeguarding and service-user outcomes;

c. review workforce performance, capacity, recruitment and agency use;

d. review delivery of the company's business, recovery and improvement plans;

e. consider the company's principal strategic risks;

f. provide constructive challenge to the company's Board and executive leadership;

g. identify matters requiring formal shareholder consideration or Council action;

h. support the early escalation of material concerns; and

i. maintain alignment between the company's strategic direction and the Council's objectives.

3.3 The Steering Committee will not replace the company's Board, direct individual company employees, determine operational staffing arrangements or make individual care decisions. It will operate principally as a forum for strategic alignment, assurance, challenge and escalation.

3.4 Its membership will include an appropriate balance of elected member, senior Council officer and company representation. The Chair will be appointed through the appropriate Council governance process.

3.5 During the recovery and stabilisation period, the Steering Committee will meet monthly. It will move to a quarterly cycle once sustained stability has been demonstrated and agreed. Additional meetings may be called where a material or urgent matter cannot wait for the next scheduled meeting.

3.6 A standard performance and assurance pack will support the Committee's work. This will include, as appropriate:

a. actual and forecast financial performance;

b. cash and material financial variances;

c. rates, income and cost-recovery information;

d. occupancy, voids and the income pipeline;

e. workforce, sickness, vacancies, overtime and agency use;

f. CQC, quality, safeguarding, incidents and complaints;

g. the company's strategic risk register;

h. recovery and improvement milestones;

i. commercial development and procurement implications; and

j. matters requiring formal shareholder decision or senior Council attention.

4. Directors' governance arrangements

4.1 The Directors' Service Agreement and Governance Protocol at Appendix 3 sets out the expectations applying to executive and non-executive directors.

4.2 It confirms that directors' statutory duties are owed to Oldham Total Care Limited and that directors must exercise independent judgement, reasonable care, skill and diligence.

4.3 It also covers:

a. the appointment and role of directors;

b. the collective responsibilities of the Board;

c. the distinct roles of executive and non-executive directors;

d. the responsibilities of the Chair;

e. attendance, conduct and continuing development;

f. reporting and escalation;

g. conflicts of interest and confidentiality;

h. remuneration and expenses;

i. indemnity and directors' and officers' insurance;

j. Board evaluation and assurance; and

k. resignation, removal and termination.

4.4 The agreement will provide a consistent basis for director induction, accountability and annual review. It does not replace the Companies Act 2006, the company's Articles of Association or any applicable employment, appointment or shareholder agreement.

5. Reserved matters and decision-making

5.1 The Governance Suite identifies matters that should normally require prior shareholder approval, subject to final legal review and alignment with the company's Articles and the Council's Constitution.

5.2 These include material changes to the company's strategic direction or scope of business, significant borrowing or capital commitments, major acquisitions or disposals, the creation of subsidiaries or joint ventures, amendments to constitutional arrangements, changes to share capital and material transactions outside the ordinary course of business.

5.3 The detailed reserved matters schedule and any applicable financial thresholds must be consistent with the company's Articles, the Council's Constitution and formally approved delegations.

5.4 Matters not reserved to the shareholder will remain the responsibility of the Board or executive management in accordance with the company's scheme of delegation. The framework must not be used to turn shareholder oversight into routine operational control.

6. Risk, assurance and escalation

6.1 A central purpose of the revised arrangements is to support earlier identification and escalation of material issues.

6.2 The company will be expected to escalate matters promptly where they could materially affect:

a. financial sustainability or liquidity;

b. the safety, quality or continuity of care;

c. regulatory standing or safeguarding;

d. the Council's financial or reputational exposure;

e. significant litigation or contractual disputes;

f. procurement or subsidy control compliance;

g. delivery of an approved business or recovery plan; or

h. the assumptions underpinning the company's operating model.

6.3 The governing principle will be timely escalation rather than retrospective reporting after a risk has crystallised.

6.4 The company will maintain a Board-approved strategic risk register. The Steering Committee will receive assurance about the company's principal risks, mitigating actions and changes in risk exposure.

7. Commercial, commissioning and procurement considerations

7.1 Oldham Total Care Limited will continue to operate with a commercial framework consistent with its public-service purpose and responsibilities as a regulated care provider.

7.2 Commercial decisions will need to balance financial sustainability, service quality, safe staffing, efficient use of assets and appropriate development of income.

7.3 Any material expansion of external or private activity will require appropriate procurement advice on the continuing legal basis for Council contracts awarded to the company.

7.4 Commercial growth proposals should therefore include an assessment of procurement, legal and shareholder implications as well as their financial and operational case.

8. Financial implications

8.1 The proposed governance framework and the related suite of documents do not, in isolation have any direct financial implications and therefore do not from a financial perspective seek to approve additional expenditure, borrowing, capital investment, changes to care fees or seek further financial support for Oldham Total Care Limited.

8.2 Any such proposal will require separate consideration and approval through the respective Oldham Total Care and Council governance routes applicable to that decision, commensurate with the Governance arrangements being proposed herein.

8.3 The proposed Governance arrangements introduce the Oldham Total Care Steering Committee which will operate as a forum for strategic alignment, assurance, challenge and escalation between the OTC Board and the Council as Shareholder, this will include assurance in relation to the company's financial position and progress in delivering the company's business, recovery and improvement plan. It will not replace the OTC Board, nor will it seek to direct and determine day to day operational activities and decisions.

8.3 In this way, the strengthened reporting arrangements are intended to improve the Council's visibility of the company's current and forecast financial position and enable earlier consideration of material financial risks whilst still enabling Oldham Total Care to operate autonomously as a separate LATCO entity.

8.4 Within the proposed Governance arrangements the Director of Finance (or his nominated representative), as a member of the OTC Steering group will keep under review and where applicable recommend changes to any specific Shareholder requirements relating to shareholder approvals, Reserved Matters, financial thresholds and financial reporting.

(Andy Cooper, Senior Finance Manager)

9. Legal implications

9.1 Oldham Total Care Limited is a company limited by shares wholly owned by Oldham Metropolitan Borough Council.

9.2 The proposed Governance Framework provides greater clarity in relation to the respective roles of the Council as shareholder, commissioner and

contracting authority, and the Company as a separate legal entity. The framework supports good governance by establishing clear lines of accountability, oversight and escalation whilst recognising the distinct legal status of the Company.

9.3 Directors of Oldham Total Care Limited remain subject to the statutory duties set out within sections 171 to 177 of the Companies Act 2006. Those duties are owed to the Company and cannot be overridden by the Council acting in its capacity as shareholder. Accordingly, the governance arrangements must continue to respect the Company's independent decision-making responsibilities through its Board.

9.4 The proposed Steering Committee is intended to operate as an assurance, oversight and engagement mechanism between the Council and the Company. The Committee does not replace the functions of the Board and must not exercise powers reserved to the Company's directors except where expressly authorised through the Company's constitutional arrangements and the Council's governance framework.

9.5 Any matters reserved to the shareholder must be exercised in accordance with the Company's Articles of Association, any shareholder agreement in force, and the Council's Constitution.

9.6 The governance framework does not in itself authorise any procurement, contractual variation, subsidy, financial assistance, borrowing arrangement or other commercial transaction. Any such proposal must be considered separately and assessed against applicable procurement legislation, subsidy control requirements, public law duties and the Council's Contract Procedure Rules and Financial Procedure Rules.

Alex Bougatef (Director of Legal Services and Monitoring Officer)

10. Human resources implications

10.1 The Governance Suite does not itself make changes to the employment arrangements of company staff.

10.2 The Directors' Service Agreement is not a contract of employment unless expressly incorporated within an executive director's employment contract.

10.3 Any employment, appointment, remuneration or organisational changes arising from implementation will be managed through the appropriate company and Council processes.

11. Equality, resident and service-user implications

11.1 The governance framework is not expected, by itself, to create a direct change to residents' care or eligibility for services.

11.2 It is intended to strengthen oversight of service quality, safety, safeguarding, regulatory compliance and outcomes for people receiving services.

11.3 The Steering Committee's assurance arrangements will include appropriate consideration of feedback from residents, service users, families and carers. This will help ensure that governance does not focus solely on finance and organisational performance, but also on people's experience and the quality of care.

11.4 Any future service change or policy decision arising through these governance arrangements will require its own assessment of equality, consultation and service-user implications.

12. Information governance and transparency

12.1 The Steering Committee will require timely and accurate information to discharge its responsibilities.

12.2 Information will be handled in accordance with applicable confidentiality, data protection, commercial sensitivity and Council governance requirements.

12.3 While individual matters may require confidential or exempt treatment, the overall governance relationship should operate with an appropriate degree of transparency and accountability consistent with the company's status as a Council-owned body.

13. Implementation and review

13.1 Subject to Cabinet approval, officers will:

a. complete the necessary legal, financial and constitutional assurance;

b. ensure consistent terminology and cross-referencing across the three documents;

c. finalise the Steering Committee's membership, chairing and quorum arrangements;

d. establish the monthly meeting schedule for the recovery and stabilisation period;

e. agree the standard performance and assurance pack;

f. establish a forward work programme and action-tracking arrangements;

g. put the Directors' Service Agreement in place for each director;

h. secure formal consideration by the Oldham Total Care Board where company approval is required; and

i. confirm the route through which reserved shareholder matters will be submitted for formal decision.

13.2 The effectiveness of the arrangements will be reviewed annually and earlier where required by a material change in the company's circumstances or the wider legal and governance framework.

14. Conclusion

14.1 The proposed arrangements provide a clearer and more disciplined framework for the governance of Oldham Total Care Limited.

14.2 They protect the proper independence and responsibilities of the company's Board while strengthening the Council's visibility, assurance and influence as sole shareholder.

14.3 Most importantly, the framework is intended to ensure that significant issues affecting care quality, financial sustainability, workforce, regulation or the Council's interests are identified and addressed early, with clear accountability for decisions and action.

15. Key Decision Reference

15.1 KDD-26-19

16. Appendices

Appendix 1: OTC governance suite

Appendix 2: OTC Steering Committee

Appendix 3: OTC Dir SLA