

Terms of Reference – Shareholder Reference Group

1. Introduction and Overview

1.1 The purpose of the Shareholder Reference Group (“SRG”), as a committee of Cabinet, is to:

1.1.1 perform the Council’s role as shareholder/ultimate owner of its group of companies and exercise the Council’s rights under the Articles of each company and under the Shareholder Agreement, except for any rights which the Cabinet or Leader reserves to itself/himself from time to time or which can only be exercised by Full Council.

1.1.2 oversee the Council's strategic objectives across its group of companies (together the “Companies”, and each a “Company”) and support the development of these companies.

1.1.3 provide strategic oversight of the Council’s companies and provide assurance to the Cabinet that these companies are compliant with the Council’s Constitution, rules and procedures including achieving best value and that they are fit for purpose.

1.2 The SRG will not have operational control over the Council’s companies. The day-to-day operation of each company is the responsibility of the Directors of each company. The SRG will provide overarching oversight including business case sign off in line with the relevant company constitutional governance. Operational liaison with the Council’s companies will be between the client service of the Council and the managing Director of each company.

2. Composition

2.1. The SRG will comprise the Leader of the Council and 4 other Cabinet Members. The first such members are the Deputy Leader and Cabinet Member with responsibility for Economic Development, the Cabinet Member with responsibility for Customer Experience, ICT and Commercial Partnerships, the Cabinet Member for Resources and the Cabinet Member for the Environment.

2.2 The Leader of the Council shall be the Chairman of the SRG. If the Leader of the Council is present, they will preside. If the Leader of the Council is unavailable to do so, the Deputy Leader will preside. If neither the Leader of the Council nor the Deputy Leader are present, then a person appointed to do so by those present shall preside.

2.3 Each Member will be in post for a term of 4 years. Where an individual Member ceases to hold the relevant role during their allotted term, their replacement in that role, or such role as the Leader may identify as its replacement, will also take over the role of Member of the Shareholder Reference Group for the remainder of the term or such other term as the Leader may specify.

2.4 All Members of the Council may attend public meetings of the SRG and may ask questions with the permission of the person presiding. Members of the public may attend all public meetings of the SRG, subject to the exceptions contained in the Access to Information Procedure Rules. The Head of Paid Service, the Section 151 Officer and the

Monitoring Officer, and their nominees, are entitled to attend any meeting of the SRG where a decision is to be made.

Quorum

2.5 The SRG quorum will be 3, which must include the Leader and/or Deputy Leader of the Council.

Substitute Members

2.6 Members of the SRG may appoint substitute members from within the Cabinet.

3. Functions and rights of SRG

3.1. The SRG has the right to access all books, records, accounts and documents relating to the business and the affairs of each Company (collectively Relevant Information) and is entitled to make any copies of that Relevant Information as they consider appropriate to keep the Council properly informed about the business and affairs of each Company or to protect the Council's interests as ultimate owner of each Company.

3.2 The SRG will consider and approve, approve with conditions or refuse applications by the Directors of any Company in relation to matters which are reserved to the Council Cabinet by virtue of the shareholder agreement between the Council and its group companies ("Reserved Matters"). These Reserved Matters may be varied from time to time by the Council Cabinet in accordance with the procedures set out in the shareholder agreement. The SRG's role will also be subject to any matters which the Cabinet may periodically reserve to itself. The Table below sets out the current list of Reserved Matters, identifying those which are reserved to the Council's Cabinet and are therefore within the remit of the SRG. It should be noted that on 6 September 2022, Cabinet reserved to itself the approval of the Consolidated Business Case which is to be produced by the Council's Holding Company on an annual basis (this will accordingly be a matter which is not within the delegated authority of the SRG).

		Trading Companies (non-Teckal) Matter referred to -	Teckal Companies Matter referred to -
1.	Approve amendments or updates to these Reserved Matters without requiring a variation of this Agreement.	Council Cabinet	Council Cabinet
2.	Amend the Articles.	HoldCo Board (in relation to each SPV) Council Cabinet (in relation to HoldCo)	Council Cabinet
3.	Appoint or remove any Director (including terms of any settlement, compromise or severance).	HoldCo Board (other than in relation to a Council Director or where Council	Council Cabinet

		Trading Companies (non-Teckal) Matter referred to -	Teckal Companies Matter referred to -
		exercises its right to appoint or remove under the Articles)	
4.	Introduce for the benefit of any current or former director or employee any incentive scheme or arrangement.	HoldCo Board	HoldCo Board
5.	Adopt or amend its Business Plan for the forthcoming three Financial Years.	HoldCo Board	Council Cabinet
6.	Make a material change to the nature or scope of its business as set out in the relevant Business Plan.	HoldCo Board	Council Cabinet
7.	Alter its name or registered office.	HoldCo Board	Council Cabinet
8.	Become resident for tax purposes, or establish a permanent establishment, in a jurisdiction other than the United Kingdom.	Council Cabinet	Council Cabinet
9.	Directly or indirectly acquire shares or any other interest in any other company or business undertaking.	Council Cabinet	Council Cabinet
10.	Amalgamate or merge with any other company or business undertaking.	Council Cabinet	Council Cabinet
11.	Form or acquire any subsidiary.	Council Cabinet	Council Cabinet
12.	Incur any borrowings (other than from the Council), raise finance or issue any loan capital.	HoldCo Board If above £100,000 (any one transaction) or £250,000 (annual aggregate per Financial Year)	Council Cabinet If above £50,000 (any one transaction) or £100,000 (annual aggregate per Financial Year)
13.	Create any Encumbrance over the whole or any part of its business, undertaking or assets or over any of its shares (other than any such Encumbrance in favour of the Council).	HoldCo Board	Council Cabinet
14.	Allot, or agree to allot, or permit the registration (upon subscription or transfer) of any person as a shareholder/member of any Company.	Council Cabinet	Council Cabinet
15.	Issue or withdraw, or agree to issue or withdraw, any shares or other securities.	Council Cabinet	Council Cabinet

		Trading Companies (non-Teckal) Matter referred to -	Teckal Companies Matter referred to -
16.	Grant, or agree to grant, any rights to subscribe for, or to convert any security into, any shares or any other securities.	Council Cabinet	Council Cabinet
17.	Increase or reduce the amount of its issued share capital, grant any option or other interest over or in its share capital, redeem or purchase any of its own shares or otherwise alter, or effect any reorganisation of, its share capital.	Council Cabinet	Council Cabinet
18.	Alter any of the rights attaching to the shares in its issued share capital from time to time.	Council Cabinet	Council Cabinet
19.	Directly or indirectly participate in any partnership, consortium or joint venture.	HoldCo Board	Council Cabinet
20.	Dispose of any business or any shares.	HoldCo Board	Council Cabinet
21.	Enter into any arrangement, contract or transaction: <ul style="list-style-type: none"> not provided for in the relevant Business Plan; which is outside the normal course of its business; or which is otherwise than on arm's length terms. 	HoldCo Board If above £100,000 (any one transaction) or above £250,000 (annual aggregate per Financial Year)	Council Cabinet If above £50,000 (any one transaction) or above £100,000 (annual aggregate per Financial Year)
22.	Make any loan (other than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading).	HoldCo Board If above £20,000 (any one transaction) or above £250,000 (annual aggregate per Financial Year)	Council Cabinet If above £10,000 (any one transaction) or above £100,000 (annual aggregate per Financial Year)
23.	Apply for the listing or trading of any shares or debt securities on any stock exchange or market.	Council Cabinet	Council Cabinet
24.	Pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent).	HoldCo Board	Council Cabinet
25.	Appoint any agent or intermediary to conduct the whole or any part of its business.	HoldCo Board	HoldCo Board
26.	Declare any dividend.	HoldCo Board	Council Cabinet
27.	Conduct any litigation material to the Company (involving a contingent liability in excess of £50,000 save for:	HoldCo Board	Council Cabinet

		Trading Companies (non-Teckal) Matter referred to -	Teckal Companies Matter referred to -
	<ul style="list-style-type: none"> the collection of debts arising in the ordinary course of business carried on by the Company; and any application for an interim injunction or other application or action (including interim defence) which is urgently required in the best interests of the Company in circumstances in which it is not reasonably practicable to obtain prior consent. 		

3.3 In respect of any Teckal Company which does work (or has a subsidiary which does work) for any external customers, the SRG will:

3.3.1 monitor Teckal compliance at least annually.

3.3.2 ensure the Business Plan of the Teckal Company is aligned to the corporate objectives of the Council.

4. Shareholder Representative

4.1 The Shareholder Representative (SR) shall be the Chairman of the SRG and will act with delegated authority on behalf of the SRG to:

- act as a two-way channel of communication between the Companies' Directors and the SRG.
- ensure that any decisions made by the Companies Directors that require approval by the SRG are expedited in an agile manner.