

# FAMILY OF COMPANIES

## Shareholder Officer Group Terms of Reference



### Background

The Council owns a number of companies including some in which it has 100% shareholding. In order to manage the portfolio of companies a Shareholder Officer Group is required to provide a more sustainable approach to governance. This will allow the Council to manage the companies as a Group, ensuring it provides strategic direction, monitors performance and provides each entity with the commercial freedom to maximise their chances of success.

### Aim of the Group

The aim of the Group is to provide shareholder and statutory officer oversight of the Council's family of companies and to provide advice to the Leader/Shareholder Committee arising from the exercise of the shareholder role when representing the Council as a shareholder of Council owned companies, including providing feedback from company board meetings.

### Decision Making

The Group may formulate recommendations for the Leader/Shareholder Committee to take decisions concerning the Council's shareholding or membership of Companies, both present and future, in accordance with the Leaders Scheme of Delegation. The Group has no decision-making powers.

### Functions

The functions of the Shareholder Group are to advise the Shareholder Committee/Leader in relation to:

- a) the matters reserved to the Council (Reserved Matters) pursuant to the Shareholders' Agreement and articles of association;
- b) any other responsibilities pursuant to the Shareholders' Agreement, including considering any variations proposed in relation to it; and
- c) any matters on which the Leader must act or reflect which arise as a result of the Council being a shareholder of the Council Companies, including but not limited to:
  - i. monitoring the performance of the Council Companies (including in relation to their Business Plans);
  - ii. overseeing the strategic direction of the Council Companies;
  - iii. considering the risks and opportunities faced by the Council Companies and their impact on the Council (including, for example, in relation to commercial factors, governance issues, and health and safety records);
  - iv. reviewing the extent to which the Council Companies are delivering social value and maximising this where possible;
  - v. ensuring that the company's status as a 'Teckal' company is maintained, where relevant.
  - vi. Replacement/Appointment of Directors

Each Shareholder Group member should read and understand the following documents which set out the shareholder function:

- (a) Shareholders' Agreement (if applicable);
- (b) Scheme of Delegations;
- (c) Articles of association of each Council Company;
- (d) The Governance of Council Interests in Companies – A Code of Practice.

The Shareholder Group shall also advise the Shareholder Committee/Leader, upon request, in relation to any other companies that the Council has a direct or indirect interest in.

Any recommendations made by the Shareholder Group in respect of any Council Company which give rise to a decision of the Shareholder Committee or Leader must be notified to the board of directors of the relevant company as soon as is reasonably practicable.

### **Membership of the Board**

The Shareholder Board shall consist of:

- a) the nominated officer Shareholder representative for each company; and
- b) The Council's S151 Officer (or their delegate), Monitoring Officer (or their delegate), and where appropriate the Governance Manager and such other officers as requested from time to time.

### **Quorum**

The nominated shareholder for each Company (as per Appendix I attached) or their representative and the statutory officers or their delegates.

### **Objectives of the Group**

- To provide advice and recommendations to the Cabinet, Leader and/or Shareholder Committee as appropriate on any proposals for new company formations, prior to any formal decision to establish the entity.
- To advise the Shareholder Committee or the Leader in line with the requirements of the Leader's Scheme of delegation or in such other circumstances as the Leader feels appropriate on any decisions required of the Council as a shareholder/member of a company.
- To monitor the overall legal and governance framework for the family of companies and make recommendations to the Shareholder Committee or the Leader where there are any issues which require a decision.
- To consider the strategic/business plans of each of the Council's main companies in order to both promote understanding (and constructive challenge of) strategic direction and enable stronger advocacy of the companies by elected members.
- To monitor the performance of a company in relation to its Business Plan and, in particular, the company's performance:
  - in financial matters

- against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and
- against the values of the Council
- To evaluate and monitor:
  - (a) the financial and social returns on investment (be that shareholding, loans or direct investment); and
  - (b) risks and opportunities including those arising from joint ventures or new opportunities.
- To consider the annual accounts of each of the Council's main companies and set expectations about the financial return to the Council (where relevant and noting that dividend recommendations come from the Board of Directors).
- To promote stronger working relationships between elected-members and the senior officers/boards of each company.
- Oversee reporting on the companies as part of their annual governance statement to give a full picture of our relationship with those bodies.
- Look to ensure the companies abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.
- Consider matters reserved to the Council for shareholder approval, such as:
  - (a) Varying Articles of Association
  - (b) Varying ownership and structure
  - (c) Variations to shares (number of, rights, etc.)
  - (d) Entering contracts that:
    - (i) have a material effect on Council business (including other companies within the Board)
    - (ii) are outside of the business plan or do not relate to the business
    - (iii) significant in relation to the size of the business, the business plan, etc.
  - (e) Material legal proceedings outside of ordinary business
  - (f) Adopting and amending business plans each year and strategic plans (3 years)
  - (g) Appointment, removal and the remuneration of directors (members of the company board)
  - (h) Selection of the chair of the board
  - (i) Appointment of auditors
  - (j) Issue of dividends as more particularly set out in a company's Articles of Association or Shareholder Agreement.

### **Accountability**

The Group is accountable to the Leader/Shareholder Committee and Cabinet. For clarity, it is an advisory body only and has no decision-making powers.

### **Frequency of meetings**

The Board will meet up to four times a year on a basis established by the Group at its first meeting to review the financial and strategic position of the companies, and to be updated on business

development opportunities. It will meet as needed as matters arise which fall into the remit of the Group.

Meetings may be convened in a physical location, or by telephone call or Teams.

### **Invited Attendees**

By specific invite the following may attend meetings of the Board:

- Chair of the relevant Overview and Scrutiny Committee
- Any Chief Executive, Board Chairman, Chief Financial Officer, Company Secretary or Director of any of the companies of the Council.
- Any other joint shareholders, or their representative, of any jointly owned/controlled company.

### **Advisors**

The Strategic Director for Finance (s151 officer) and the Head of Legal Services (Monitoring Officer), or their deputies, will be advisors to the Board to provide open and strong advice.