



Appendix 2

Article 12 – The Shareholder Committee

The Council will establish and maintain a Shareholder Committee to act in accordance with the terms of reference so far as they relate to any company established as a wholly owned company of the Council.

12.1 Membership

The Committee will comply with the Political Balance Rules in Section 15 of the Local Government and Housing Act 1989.

12.2 Meetings of the Committee

- (i) Meetings will take place at least four times per annum.
- (ii) Additional meetings will be arranged as required to consider exceptional items.
- (iii) Appropriate officers (as representatives of the company) will be included as regular attendees.

12.3 Chairman and Vice-Chairman

- (i) At the Annual Meeting the Council shall appoint the Chairman and Vice-Chairman of the Shareholder Committee.
- (ii) If the Chairman or Vice-Chairman resigns by giving written notice of resignation to the Chief Executive, the committee shall, as the first item of business at the next ensuing meeting, elect a successor.
- (iii) The Chairman, if present, shall preside.
- (iv) If the Chairman is absent, the Vice-Chairman shall preside.
- (v) If the Chairman and Vice-Chairman are absent, the Committee shall elect one of the members present as Chairman of the meeting.

12.4 Powers of Chairman and Vice-Chairman

- (i) The Chairman and Vice-Chairman of a Committee (acting together as a Sub-committee) are authorised to give decisions on any matter
 - (a) Of a routine or straight-forward nature



- (b) Which the Chairman and Vice-Chairman, after consultation with the Chief Executive or relevant Executive Manager most directly concerned, are satisfied should be dealt with as a matter of urgency

- (ii) Any decision taken under paragraph (i) above shall be reported by the officer concerned to the next meeting of the Committee

- (iii) No decision shall be taken under paragraph (i) which would constitute a departure from a settled strategy, policy or programme of the Council, nor outside the powers of the Committee concerned.

11.5 Terms of Reference

Terms of Reference of the Shareholder Committee are as follows:-

- (i) Power to remove and appoint company directors.
- (ii) Monitor the company business plan and ensure that it aligns with the corporate objectives of the Council.
- (iii) Periodically evaluate financial performance of a company
- (iv) Consider any recommendations to cease trading by a company
- (v) Monitor compliance with relevant legislation.
- (vi) Ensure the company activities are conducted in accordance with the corporate values of the Council

Terms of Reference

Shareholder Consent Matters – Part A (Corporate Matters)

The Company shall not, unless it has the Shareholder Committee's consent:

- 1 vary in any respect its articles of association or the rights attaching to any of its shares; or

- 2 permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholder in accordance with the terms of this Agreement; or

- 3 increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or



- 4 issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
- 5 make any borrowing other than under the Finance Documents; or
- 6 apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
- 7 pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
- 8 engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
- 9 form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
- 10 close down any business operation, or dispose of or dilute its interest in any Subsidiary for the time being, or dispose of any material asset, unless in each case such closure or disposal is expressly contemplated by the Business Plan; or
- 11 amalgamate or merge with any other company or business undertaking; or
- 12 alter its name or registered office; or
- 13 enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors, whether or not any other person shall be party to such transaction or arrangement; or
- 14 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or
- 15 create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or on any of its shares other than:
 - 15.1 as contemplated in the Finance Documents;
 - 15.2 liens arising in the ordinary course of business; or
 - 15.3 any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or



- 16 adopt or amend its annual Business Plan; or
- 17 change either:
 - 17.1 its statutory auditors; or
 - 17.2 its financial year end; or
- 18 make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the CA2006 or any other generally accepted accounting principles in the United Kingdom; or
- 19 make any loan (otherwise 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, guarantee or indemnity (otherwise than in all three cases in the normal course of trading); or
- 20 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or
- 21 factor or assign any of its book debts; or
- 22 establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or
- 23 establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or
- 24 dismiss any director
- 25 adopt or amend its Remuneration Policy;
- 26 agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration Policy or is expressly referred to in the Business Plan; or
- 27 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business, in accordance with the Debt Recovery Policy or where the value of such is less than [£50,000]) instituted or threatened against it or submit to



arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to deliver its Business Plan; or

- 28 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes in relation to the Company or its business if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to deliver its Business Plan.

Shareholder Consent Matters – Part B (Operational Matters)

The Company shall not, unless it has the Shareholder Committee's consent:

- 1 acquire any land or assets with a value in excess of £[500,000] or which would mean that the aggregate value of the land and assets held by it exceeds £[1,000,000]; or
- 2 enter into any contract with a value in excess of £[500,000] or which would mean that the aggregate value of its current contracts exceeds £[1,000,000] ; or
- 3 enter into, as lessor or as lessee, any finance lease [if doing so would mean that the aggregate value of such arrangements entered into exceeds £[50,000]]; or
- 4 make any amendments to:
 - 4.1 the Financial Model; or
 - 4.2 the Lettings Policy and/or Sales Policy; or
 - 4.3 the Rent Policy; or
 - 4.4 the Debt Recovery Policy; or
 - 4.5 the Remuneration Policy.