

APPENDIX 1

To be incorporated in Section 5.7 of the Constitution

DRAFT

WOKINGHAM BOROUGH COUNCIL

SHAREHOLDER COMMITTEE

TERMS OF REFERENCE

1. OVERVIEW

- 1.1 The Shareholder Committee forms part of the overall governance arrangements for Wokingham Borough Council ("**the Council**") in relation to housing companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement) (each a "Subsidiary" and together the "Subsidiaries").

2. MEMBERSHIP

- 2.1 The voting members of the Shareholder Committee will be set to 4 Executive Councillors consisting of:
- 2.1.1 the Leader (as Chair).
 - 2.1.2 Deputy Leader.
 - 2.1.3 Executive Member for Business & Economic Development; and
 - 2.1.4 Executive Member for Finance
- 2.2 Each Shareholder Committee member may nominate an alternate Executive Member to attend a meeting in their place.
- 2.3 An opposition member will be invited to join the Committee as a non-voting member. The main opposition group leader will be invited to nominate their opposition member of the Committee. If the nominated opposition member is unable to attend a meeting of the Committee, they may appoint a substitute member to act in their place at the meeting. The appointment shall only take effect if the Member making the appointment, or in the Member's absence their Group Leader or Political Assistant, notifies the Head of Democratic & Electoral, or their representative, no later than midday of the day of the meeting that they will be unable to attend the meeting and the name of the appointed substitute Member.

- 2.4 The Shareholder Committee will be supported by Council officers as required.
- 2.5 The Shareholder Committee will appoint the Leader as Chair of the Shareholder Committee. If the Chair is not present at the start of a meeting of the Shareholder Committee, those members present will appoint one of the members present to chair that meeting.
- 2.6 Additional advisors, who do not need to be officers or members of the Council, may be invited to attend the Shareholder Committee as required.

3. ROLE OF THE SHAREHOLDER COMMITTEE

- 3.1 The Shareholder Committee will have a role in ensuring proper governance of the Council's housing companies, such role to include:
 - 3.1.1 monitoring information from each Subsidiary, in particular on financial and other risks and escalating such risks within the Council as appropriate.
 - 3.1.2 exercising decisions relating to the Council's role as shareholder, member, owner, lender, or other position of significant control over the Subsidiary, where those decisions have been delegated to the Shareholder Committee; and
 - 3.1.3 making reports and recommendations to the Executive on areas outside of the Shareholder Committee's delegated authority.
- 3.2 It is expected that each housing company will enter into a form of agreement with the Council (whether as owner, controller or lender) setting out the basis of the relationship between them (each a "Memorandum of Agreement").
- 3.3 A detailed description of the Shareholder Committee's role in relation to each housing company will be set out in the relevant Memorandum of Agreement.
- 3.4 Authority to make decisions on behalf of the Council is delegated to the Shareholder Committee for each housing company as follows:
 - Altering in any respect the articles of association of a Subsidiary
 - Altering the rights attaching to any of the shares in a Subsidiary
 - Permitting the registration of any person as a shareholder or member of a Subsidiary
 - Nominating directors to be appointed on the board of a Subsidiary and notifying a Subsidiary to remove directors from its board
 - Increasing the amount of a Subsidiary's issued share capital

- Altering the name of any Subsidiary
- Adopting, reviewing or amending a Subsidiary's Business Plan Where a Subsidiary fails to produce a Business Plan as required by its Memorandum of Agreement, producing that Subsidiary's Business Plan
- Directing the board of a Subsidiary to take or to refrain from taking a particular action

3.5 Any Memorandum of Agreement entered into with a housing company may identify additional decisions which are delegated by Executive to the Shareholder Committee in relation to that Subsidiary only.

3.6 Decisions which are not delegated to the Shareholder Committee in accordance with 3.4 above will be taken through the usual decision-making processes in accordance with the Council's governance and constitutional framework. This will include decisions relating to the issue of loan capital in relation to any Subsidiary and to any approvals relating to any intra-group loans.

4. OPERATION OF THE SHAREHOLDER COMMITTEE

4.1 The Shareholder Committee will meet three times per year, or more frequently if required.

4.2 The quorum for a meeting of the Shareholder Committee is a minimum of 3 members.

4.3 Meetings will be held in public or otherwise in line with the Council's democratic meeting protocol. There may be particular matters or agenda items which are required to be considered in private due to commercial confidentiality, and these will be handled in accordance with the Council's usual democratic protocol.

4.4 Minutes and agendas will be managed and published in accordance with the Council's usual democratic protocol.

4.5 The Shareholder Committee shall make its decisions as follows:

4.5.1 At meetings of its members by consensus of those present, unless any member of the Shareholder Committee requires a vote, in which event a majority decision will be taken with each member of the Shareholder Committee present having a single vote. Advisors and officers present to support the Shareholder Committee will not have a vote. The Chair of the meeting has a casting vote in the event that there is no clear majority; or

- 4.5.2 In cases of urgency, by a decision made by the Leader or by an alternate Executive Member nominated by the Leader.
- 4.6 After each meeting, the Chair shall approve the minutes and authorise the implementation of the Shareholder Committee's decisions, including where relevant the signature of any documents by appropriate Council signatories.
- 4.7 The Shareholder Committee will review the Terms of Reference annually and make any necessary recommendations to Executive.