

EXECUTIVE – 14 JULY 2022

COMPANY GOVERNANCE

Executive Summary

Woking Borough Council is committed to maintaining strong and robust governance to ensure the decisions that are taken are made in conjunction with, and in the best interests of, the communities it serves. Over the years, there has been an increase in both the number of Council owned companies and the complexity of the Council's governance arrangements of the same. This in turn brings risks that the Council will not be able to demonstrate that it is clearly and consistently managing its differing responsibilities.

As highlighted in the Medium Term Financial Strategy (MTFS) reports to the 3rd February and 24th March 2022 meetings of the Executive, officers have been undertaking a review of the governance of companies as part of the medium term financial resilience assessment we had produced by the professional services firm EY. The key strategic action arising from this assessment was:

“completing the review of Governance of Companies, the strategic alignment between the Council and Thamesway group and the intelligent client capability retained within the council.”

Following this review and the wider focus nationally on local authority governance arrangements, this report outlines the Council proposals to modernise its governance arrangements with respect to its oversight of its wholly or part owned companies.

Recommendations

The Executive is requested to:

RECOMMEND TO COUNCIL That

- (i) the Leader of the Council be appointed as the Council's Shareholder Representative;**
- (ii) the creation of a Shareholder Advisory Group be approved, as detailed in the report, to ensure that its companies act in the interests of the Council as shareholder and contribute to the Council's objectives;**
- (iii) the Terms of Reference of the Shareholder Advisory Group, as set out at Appendix 2 to the report, be approved;**
- (iv) Directors to the Group Companies, as outlined in Appendix 3 to the report, be appointed;**
- (v) the Shareholder Liaison Service be established to lead on managing contractual arrangements with the companies and in holding of the companies to account;**
- (vi) the establishment of Head of Shareholder Liaison Service at Grade W8 and Project Officer on Grade W5 be approved;**
- (vii) delegated authority be given to the Director of Legal and Democratic Services to approve final terms and enter any Service Level Agreements where corporate functions provide support services to group companies;**

- (viii) delegated authority be given to the Director of Legal and Democratic Services to approve final terms and enter any Data Protection or Information Sharing Agreement; and
- (ix) the Constitution be updated accordingly.

Reasons for Decision

Reason: The recommendations proposed will improve the governance arrangements in line with current best practice and allow the Council to closely monitor its interests within each of its companies with further clarity, transparency, and reporting. It will ensure that the Council and its subsidiaries are meeting their legal and statutory responsibilities and are practising good governance.

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers: [Local Partnerships Local-authority company review guidance v1.pdf](https://www.localpartnerships.org.uk/local-partnerships-local-authority-company-review-guidance-v1.pdf)
([localpartnerships.org.uk](https://www.localpartnerships.org.uk))

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1.0 Introduction

- 1.1. Good corporate governance requires councils to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, value, integrity, and inclusivity.
- 1.2. The Governance arrangements for council owned entities should seek to ensure that:
 - the entity should have sufficient freedoms to achieve its objectives;
 - the council should have sufficient control to ensure that its investment is protected, appropriate returns on investment can be obtained and that the activities of the entity are aligned with the values and strategic objectives of the council;
 - the entity continues to be relevant and required (in its existing form);
 - and if not, appropriate steps are taken (for example, amending constitutional documents or changing form or terminating the vehicle); and
 - any so-called “Teckal” companies should remain compliant with relevant exemption requirements under EU procurement law.

2.0 Council oversight, scrutiny, and governance framework

- 2.1 The Council has several companies which it either owns or has an interest in, which were formed to deliver council objectives in a more efficient and effective manner.
- 2.2 The Council wants to ensure that good governance and accountability is in place with respect to its Council owned companies and it is keen to learn from other local authorities' experiences. Recent public interest reports from external auditors highlight where, governance arrangements were not strong enough and the recommendations in this report are aimed at covering these areas of risk. The Council seeks to ensure that its governance arrangements are amongst the best in local government and as such, proposes that its arrangements are updated and kept under continuous review. This report outlines proposed changes to the Council's current governance arrangements in line with best practice, as particularly highlighted by Local Partnerships, CIPFA and Lawyers in Local Government guidance.

3.0 Council Governance Arrangements

4.0 The Shareholder Role

- 4.1 The Council should appoint a designated “shareholder” to represent its ownership of the entity.
- 4.2 The role of the Shareholder Representative is to provide:
 - oversight of any decisions that can only be made by the shareholder, rather than left to the entity (known as “reserved matters”)
 - a mechanism to review the implementation and development of the council's commercial approach through the entities it influences and owns
 - the necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that the council has established are being adhered to
 - an articulation of what success looks like in terms of achieving social outcomes and/or a return on investment
 - effective and systematic engagement between the Chair and shareholder role to assure effective performance against strategy and governance
 - a mechanism to communicate the shareholder's views to the entity
 - a means to evaluate the effectiveness of the company board and the delivery of the company performance against strategic objectives and the business plan
 - a regular review of whether the entity provides the most effective vehicle to deliver the outcomes it requires and whether there are viable alternative models which might offer a more effective means of delivering its priorities

- a holistic review of risk to the council offered by all active entities
- 4.3 The rights and duties place on the Council as a shareholder of a company will, almost always fall to be exercised as an executive responsibility. This means that decisions to be taken by the Council as shareholder fall to be decided on by the Leader. In the normal way these functions may be delegated by the Leader to the Executive or an officer and will be subject to key decision and access to information rules, call-in and review by Overview and Scrutiny Committee.
- 4.4 It is therefore proposed that the Leader shall be formally appointed as the Council's Shareholder Representative. This shall be documented in the Constitution.
- 4.5 The Council shall ensure that suitable training and support commensurate with the role is provided. Formal periodic meetings with the Chief Executive of the Council and Chief Executive Officer (or equivalent) of the Group Company(ies) shall be arranged. These meetings shall provide an opportunity to inform subsequent company board meetings.
- 4.6 Shareholders or their designated representatives may attend company board meetings as observers, but they should not be there as board members.

5.0 The Shareholder Agreement

- 5.1 Decisions to be made by the Executive and/or Full Council, rather than left to the company itself, are known as 'reserved matters'. Reserved matters cover such things as the approval of the company's annual business plan or mid-year amendments to it, the appointment of directors, certain key financing decisions and so forth. These are established either through agreement with the company, known as a shareholders agreement, or as set out in the company's governing articles of association.
- 5.2 The relationship between the local authority (and the companies it is a member of) is governed by these and other key documents that are required to establish a local authority company, and a trading company in particular.
- The **business case** which assesses the risk involved in the proposed trading enterprise and decides whether or not it should be established and proceed to trade; the 'comprehensive statement'. It starts the process of business planning.
 - The **articles of association**, or the memorandum and articles of association as it used to be called, which is the constitution of the company. This is the legal documents required to set up a limited company and give details of its name, aims and authorised share capital, conduct of meetings, appointment of directors and registered office.
 - The **shareholders agreement**, or management agreement, which sets out the rights of the Council as the sole or co-shareholder and how it can exercise those rights. It details the powers of the board of the company and how and when the shareholder might influence those powers. It is important to note that the shareholder agreement is capable of being developed and added to as the company develops.
 - The **financial agreements** which are the commercial agreements that set out what assistance is to be provided and on what terms. This may be purely financial, such as a direct loan or a facility such as a parental guarantee, and made on commercial terms. It may also be in the form of goods, services or staff to be provided and set out in a resourcing agreement or a service level agreement, which is likely to be on a service charge or cost recovery basis. The agreements may require regular and detailed access to information and financial reporting to the Council and/or holding company.
 - The **business plan** which sets out the objectives of the business, how they are to be achieved and standards met adjusted in the light of experience and changing

circumstances. It is a comprehensive analysis of the business situation at a particular point in time. It is often referred to as the annual business plan because it is expected to be submitted for shareholder approval annually.

- 5.3 The key documents governing the Council's group companies differ from entity to entity. Where possible the Council shall seek to align the governance arrangements of its companies and have consistency in its governing documents. The rights of the Council as shareholder in respect of the Thameswey group of companies are currently outlined in the Thameswey Group Protocols together with the articles of association. The protocols have been reviewed and updated to reflect the proposals in this report. The new arrangements shall be applicable to all Council wholly owned companies not just the Thameswey group of companies. It should be noted that joint ventures are governed by separate shareholder agreements. This document shall contain a list of "reserved matters" which the group companies agree will not go ahead without the consent of all the shareholders; these reserved matters will be dealt with by the Shareholder Advisory Group or Executive/Council as appropriate. In essence, this agreement involves the companies agreeing to limit their authority to take decisions without input from the shareholder. The Thameswey Protocols shall be removed from the Constitution and the new document, governing all wholly owned companies shall be included in the Council's Constitution, under a new section: Part 6 Company Governance. A copy of this agreement can be found at Appendix 1.

6.0 Shareholder Advisory Group (SAG)

- 6.1 Best practice guidance advises that for councils operating with a cabinet system, the council should establish a company management committee which should be a sub-group of the Executive to look at the totality of a council's holdings and the decisions of that body should be subject to scrutiny.
- 6.2 With this in mind and to support the Shareholder Representative, it is proposed that a Shareholder Advisory Group (SAG), operating in the role of a company management committee, should be established to perform the shareholder function on behalf of the Council across all owned or affiliated companies. The role of this group is to provide the necessary oversight from a shareholder's perspective that the parameters, policies and boundaries that the shareholder has established for the company are being adhered to. It will therefore monitor:
- company performance against the business plan,
 - returns on investment, and
 - risks and opportunities.

It will also consider matters reserved to the authority for approval, such as varying the articles of association or appointing the auditors.

The Leader (or his or her appointee) remains the decision maker but the SAG acts as advisors in the making of those executive decisions.

- 6.3 A SAG is considered to be an effective means of governance of the companies. This is because it allows for decision making and discussion in an informed atmosphere, which also provides the Executive with:
- a mechanism to communicate the shareholders' views to the company; and
 - a means to evaluate the effectiveness of the company board and the delivery of the company performance against strategic objectives.

- 6.4 The Terms of Reference for the Shareholder Advisory Group are set out at Appendix 2. The Terms of Reference shall be included in the Council's Constitution, under a new section: Part 6 Company Governance.
- 6.5 The SAG shall be held virtually unless otherwise agreed. The SAG, shall consider (I) Thamesway, (II) Victoria Place and (III) other company matters in three separate meetings. Each shall meet once a quarter. This pattern shall continue throughout the year, with the number of meetings being kept under review. Meetings may be arranged in the evening or daytime at the convenience of the SAG.
- 6.6 The SAG will perform the shareholder's function on behalf of the Council for its companies. This committee will consist of members of the Executive (such appointments shall be made by the Leader), relevant senior officers and a co-opted member. The Chair of Overview and Scrutiny, as a Member of the Council from outside of the Executive, shall be invited to attend in the capacity of Observer.
- 6.7 The Director for Finance (s151 Officer) and the Director for Legal and Democratic Services (Monitoring Officer), or their deputies, will be advisors to the Group to provide open and strong advice.
- 6.8 Notably, under these proposals Members shall represent the shareholders interest via the SAG rather than being appointed as Directors of the Company. Equally, the s151 Officer and Monitoring Officer shall not be appointed as Directors. This would alleviate the need for Members to declare interests as Council appointed Directors at meetings of the Council and as such avoid any possible conflicts of interest.
- 6.9 To assist it in its functions the SAG may establish and consult standing sub-groups, such as might be required in respect of Audit; Performance and Risk; Ethical practices; or Nominations and Remuneration. It may also establish and consult ad-hoc or task and finish sub-groups in respect of any matter.
- 6.10 The SAG shall be supported by Democratic Services who shall ensure the meetings are properly managed and recorded.

7.0 Scrutiny

- 7.1 The Overview and Scrutiny Committee has a significant role to play to ensure that the company is able, and the Executive has properly required the company, to make sufficient returns for the investment to be worthwhile and, indeed, ensure that the social objects set for it are not lost in the drive towards the overriding and essential requirement for the company to be economically successful.
- 7.2 The key role of the Overview and Scrutiny Committee is to advise the Executive and hold it to account on behalf of the wider public interest and its role within the Council.
- 7.3 This creates a flow of information and accountability, in which
- the company needs to get on with the business of delivery;
 - the Executive needs to make the company decisions reserved to it and to hold the company to account for performing against them; and
 - Members as part of Overview and Scrutiny need to advise on or scrutinise the decisions of the Executive.

- 7.4 This needs to be done in a trading environment that requires them all to make speedy and reactive commercial decisions and to handle often highly valuable and commercially sensitive information.
- 7.5 Overview and Scrutiny, to fulfil its role, requires a means of access to the sensitive information and debate that inform the SAG and the Leader's decision making, without either oppressing that process or endangering its own strictly non-executive role.
- 7.6 To this end it is considered that the Chair of Overview and Scrutiny is best placed to be involved, use his/her knowledge of this committee and its remit to sift the information and be alert to those matters that need to be brought to the Overview and Scrutiny committees' attention and be investigated further. Accordingly, the Chair will be invited to the forum created to handle this crucial information flow, the SAG. To retain the independence required of the Overview and Scrutiny Chair, this is not membership as direct advisor as part of the decision making, but as an informed observer.
- 7.7 Overview and Scrutiny committees may then review any matter concerning the Council's companies and make proper use of its full powers and function, having had these matters drawn to its attention by, and with the benefit of, a fully informed Chair.
- 7.8 In carrying out any such review, the Government Guidance states that:
- "The local authority should ensure that its overview and scrutiny committees are able to exercise their powers in relation to the discharge of local authority functions under the relevant legislation."*
- 7.9 To this end, the legal framework for local authority companies includes an express requirement concerning the provision of information to Members of the Council, which reflects the similar provision in relation to local authorities generally. This states that a local authority regulated company "*shall provide to a Member of the Council such information about the affairs of the company as the member reasonably requires for the proper discharge of his duties.*"
- 7.10 The exception here is that the company cannot be required to provide information in breach of any enactment, or of an obligation owed to any person.
- 7.11 Should this proposal result in a significant increase in work for the Overview and Scrutiny Committee, it is proposed that a Sub-Committee may need to be formed to solely consider matters arising from the SAG.

8.0 Shareholder Support – Shareholder Liaison Service

- 8.1 The Council's company's portfolio needs to be professionally managed with a common approach to governance, oversight, performance management and change. It is good practice for the Council to maintain a hub such as a Shareholder Liaison Service in respect of its companies, which should establish a central point where those involved with a company can access advice and share and assimilate best practice from the wider private sector.
- 8.2 To undertake this key role and in support of the SAG, the Council would establish a Shareholder Liaison Service. This service shall coordinate and lead on managing contractual arrangements with the companies and in holding the companies to account. The service shall support the SAG to ensure that the Council's investment and interests as shareholder, lender and place maker are given optimal focus and attention.
- 8.3 The Shareholder Liaison Service shall ensure that the SAG is fully supported and professionally advised.

- 8.4 The role of the Shareholder Liaison Service is to provide a professional support and advisory function to the Shareholder representative. This includes:
- a) implementing and overseeing effective internal governance processes in respect of shareholder decisions;
 - b) effectively communicating the Council's views and priorities as Shareholder;
 - c) supporting the companies' clients in achieving their ambitions through the companies;
 - d) supporting the establishment and integration of new business ventures from a shareholder perspective;
 - e) overseeing the flow of resources between the Council and its companies; and
 - f) managing responses to citizen queries in respect of the companies.
- 8.5 The service shall provide quality assurance on reporting risk assessment and key decisions to the SAG. A work programme and master dashboard shall be produced as a key source of information to support decision making and to enable constructive challenge to reports commissioned by the companies. In order to assure the Council that key documents are in place for all its companies, it is helpful for such documents to be held centrally. The SLS shall develop and maintain a manual so that a consistent approach is in place in respect of making the decision to establish and operate a company and permit the authority to monitor its performance effectively.
- 8.6 It is essential to ensure that the Council has the right capabilities and capacity in place to deliver the new governance arrangements. Whilst maximising the use of and reference to existing council knowledge and expertise within our staff teams, the Council will need to recruit further resources to both add capacity and bring specialist knowledge and expertise.
- 8.7 The Council has undertaken some benchmarking with other Councils on the resourcing requirements for a Shareholder Liaison Service and whilst these costs vary it is very clear that the Council is not currently adequately resourced to ensure that it can effectively client and maintain governance oversight of its interests and investments into its companies. The Council needs to establish the Shareholder Liaison Service through appointment to 2 key roles of Head of Shareholder Liaison Service at Grade W8 and Project Officer on Grade W5.
- 8.8 These roles shall work closely with subject matter experts already employed by the Council to draw on their expertise as required. For example, the finance team may be requested to advise on the Council's view on the financial results of the Council owned companies for the quarter and draw any key elements to the SAG's attention. Equally, the Legal team may be asked for an opinion in respect of contractual or governance arrangements. The Council has many subject matter experts in its departments whose advice may benefit the SAG.
- 8.9 It is anticipated that these governance arrangements will have an impact on the resources of both the Legal and Democratic Services, together with the Finance team. The budget allocated may be used to recruit further resource in these areas as necessary. The budget and resource implications would be kept under review.
- 8.10 A visual overview of the model can be found at Appendix 4.
- 9.0 Council appointments to the Board**
- 9.1 The Board should operate openly and transparently. According to the Cadbury Report "the basic procedural requirements are that the Board should meet regularly, with due notice of the issues to be discussed supported by the necessary paperwork, and should record its conclusions".
- 9.2 Meetings on at least a quarterly basis would be considered good practice.

9.3 The Higgs Review suggests that the role of the board includes:

- promoting the success of the company by directing and supervising the company's affairs
- providing entrepreneurial leadership within prudent and effective
- controls where risk is assessed and managed
- setting strategic aims and ensuring sufficient resources (financial and human) are available to meet objectives
- reviewing management performance
- setting corporate values and standards ensuring obligations to shareholders and others are met
- The board should have processes to ensure that the entity continues to be financially viable, supported by the role of internal audit and its external auditor.
- Larger entities or holding companies should have:
 - an audit committee to provide independent scrutiny, challenge, and assurance
 - a remuneration committee, which will manage appointments and remuneration decisions (where an appointment is not reserved to the council)

9.4 The Government Guidance advised that a local authority company will be run by its board of directors answerable to the shareholders, in accordance with the articles of association, and goes on to suggest that a board of between 3 and 8 directors is most likely to be practical although this will be dependent on the circumstances of each company). The participating Local Authority should be represented on the board of its company.

9.5 The representatives who are appointed directors will participate directly in the activities of the company and are answerable to the company and have the powers and duties of company directors whilst they do so.

9.6 Appointments of an officer as a company director will be of the relevant post or office of the Council, not as an individual. This will be reflected within each of the companies' articles in that if any one of the Council appointed directors ceases to be an employee, office holder or Member of the Council, as applicable, then they automatically also cease to be a director of the company.

9.7 It is proposed that the Company board of directors for wholly owned companies shall be formed of:

- The Chief Executive of the Council;
- Independent person(s) appointed to bring oversight, experience and skills that would be advantageous and appropriate for the companies; and/or
- Other senior officers of the Council as appropriate.

9.8 A table can be found at Appendix 3 to this report, which outlines the proposed appointments (by role within the Council) to the boards. The optimal size and composition of the board shall depend upon the circumstances of the entity. At all times Council Officer directors shall be in a majority on the board.

9.9 Export House Limited and Kingfield Community Sports Centre Limited are property holding companies. It is proposed to bring these companies back in house. As such, it is not considered that the Chief Executive or Independent directors need to be appointed to the boards. The composition of the boards of joint ventures are governed by the shareholder agreement and/or articles of association. Joint Ventures are composed of Council officers and Non-Council officer Directors.

10.0 Managed Services and Support Arrangements

- 10.1 The Council is required to recover the costs of any accommodation, goods, services, staff or any other thing it supplies to a company in pursuance of any agreement, or arrangement in place. It cannot subsidise the operation of the company in this way.
- 10.2 This means that the Council may enter into an agreement with the companies to provide services at cost or as a surplus service charge and that staff time and resources utilized for company purposes should be carefully accounted for.
- 10.3 Those areas of the authority's resources might include project management, initial set-up staff, human resources, audit, business continuity, communications, procurement, legal or finance and so on. The parameters of those services can be agreed through a Service Level Agreement (SLA). It is proposed that the Director of Legal and Democratic Services shall be delegated authority to enter into a SLA in respect of the provision of services to group companies. It is proposed that the Council shall charge a surplus service charge to the companies for this service. Such, charges shall be reviewed from time to time. It is anticipated that this may generate a modest income for the Council.
- 10.4 The Council as shareholder, however, does need to be assured that there are effective and robust support services in place in certain areas. This is to satisfy itself that sufficient standards of operational governance, legal and company secretarial compliance and effective financial management within the company are adhered to. The authority will reserve to itself the ability under the Shareholder Agreement to insist on supplying these services to a controlled company, at cost, if it feels that these standards are not otherwise being met or are not in its opinion likely to be met.
- 10.5 Additional agreements should be established as required, including data protection and information sharing protocols.

11.0 Openness and Transparency

- 11.1 The proposed arrangement of the SAG in relation to the composition of the boards should allow for the company's boards to operate in a commercial (confidential) fashion, while the SAG provides the necessary democratic oversight (transparency) through its meetings. It is through the discursive nature of and discourse at these meetings aided and abetted by the underlying culture that the tensions inherent within this area will be resolved in practical day to day consensual solutions.
- 11.2 It is proposed that the Council's website is updated to provide an area exclusively for Council owned companies. It would provide a high level of information and in turn transparency in respect of the companies. It would be designed to assist residents of the borough to understand, what the companies do and how we govern them.

12.0 Corporate Strategy

- 12.1 Through the operation of the SAG and its oversight of the companies business plans, the Council shall ensure that the companies business plans and practice align with the Council's corporate priorities.
- 12.2 The recommendations support the Council's aim to deliver best value for the communities of the borough and to be a high performing council that you trust to make the right decisions for you and the borough. Good corporate governance shall ensure an operating model that delivers the best outcomes from investments.

13.0 Implications

Finance and Risk

- 13.1 The costs of the additional 2 posts will be approximately £150,000 per annum.
- 13.2 Any costs incurred in 2022/23 will be funded from the Fit for the Future programme budget that has been established to initiate and support the key change programme activities for the Council.
- 13.3 There is an ongoing need to fund these posts beyond 2022/23 and establish a budget to enable specialist support to be commissioned as the service delivers the support required to oversee the governance of companies. These ongoing costs will be considered as part of the MTFS and Investment Programme and proposals will be brought forward in the November 2022 report of the MTFS and included as part of a range of measures to deliver an affordable, responsible and sustainable medium term budget.

Equalities and Human Resources

- 13.4 As outlined in the body of the report.

Legal

- 13.5 The Council has the power to set up companies or bodies, which they own. Section 1(1) of the Localism Act 2011 introduced the “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area. The generality of the power conferred by subsection (1) is not limited by the existence of any other power of the authority which (to any extent) overlaps the general power.
- 13.6 Section 4(2) of the Localism Act 2011 provides that where, in exercise of the general power, a local authority does things for a commercial purpose the authority must do them through a company.
- 13.7 Section 95 of the Local Government Act 2003 authorises the Council to do for a commercial purpose anything which it is authorised to do for carrying on any of its ordinary functions (other than where it is under a statutory duty to provide that function) however, this power is only exercisable through a company.
- 13.8 Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any other of its functions, whether involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- 13.9 The proposal to set up a Shareholder Committee, the Terms of Reference as set out and the ancillary arrangements outlined in this report will ensure that the Council not only acts lawfully but also that current guidance and good practice recommendations.

14.0 Engagement and Consultation

- 14.1 Internal and external stakeholders have been consulted.

REPORT ENDS

Wholly Owned Woking Borough Council Companies

July 2022

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Wholly Owned Company Protocols (“Company” or “Companies”)

1. Introduction

These protocols have been introduced to ensure good governance and management of all wholly owned companies. The Council owns a number of wholly owned companies. The operation and purpose of these companies aligns with the Council’s priorities. They create and deliver social value, address market failure, contribute to the Council’s finances and expand the overall service offering.

To the extent permitted by law, no wholly owned Company shall undertake any project or activity to the detriment of the Woking Borough Council (“Council” or “WBC”) or the wider interests of the communities which it serves.

2. Financial reporting and records

Wholly owned companies prepare and maintain their accounts in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the UK. The Companies management practices and business conduct benefit the localities and communities in which it operates, to the extent possible and affordable, and are in accordance with the agreed strategies of the Council.

Internal accounting and audit procedures reflect all of the company’s business transactions and disposition of assets, and has internal controls to provide assurance to the company’s board, shareholders and stakeholders that the transactions are accurate and legitimate. All required information is accessible to company auditors and other authorised parties and the Council.

3. Performance and Financial Monitoring Information

The Companies have been organised and resourced to prepare full financial activity reports as part of the statutory accounts and at Board meetings (currently 3 times a year). The Companies shall provide key information in respect of company performance against business plans, returns on investment and risk and opportunities to the Shareholder Advisory Group.

Key information in respect of the Thamesway Group is currently set out for inclusion in the Green Book.

4. Key Performance Indicators (KPIs) for all Companies

With comparisons to approved budget:

- a. New lending
- b. Loan and Interest Payments
- c. Sales
- d. Capital Expenditure

- e. Employee numbers

5. Political non-alignment

Subject to all applicable legal obligations, wholly owned Companies are committed to supporting the constitution and governance systems of the Council. The Companies do not support any specific political party or candidate for political office. The Company's conduct precludes any activity that could be interpreted as mutual dependence / favour with any political body or person, and does not offer or give any company funds or property as donations to any political party, candidate or campaign.

6. Cooperation between wholly owned Companies

Wholly owned companies shall cooperate with other group companies including applicable joint ventures, by sharing knowledge and physical, human and management resources. In the procurement of products and services, a group company gives preference to other group company entities, subject to relevant EU procurement rules, and as long as they can provide these on competitive terms relative to third parties.

7. Public representation of the company and the group

The Companies, in all their public appearances (with respect to disclosing company and business information to public, constituencies such as the media, the financial community, employees and shareholders), may be represented by any director and/or specified employee as approved from time to time by the respective company board.

8. Third party representation

Parties which have business dealings with the Companies but are not members of the group, such as consultants, contractors and suppliers, are not authorised to represent the company without the written permission of the respective board.

Third parties and their employees are expected to abide by the Group code of conduct in their interaction with, and on behalf of, a Company.

9. Use of the Company brand

The use of the Company name and trademark shall be governed by manuals and agreements issued by the respective Companies. No third party or joint venture shall use the Companies brand to further its interests without specific authorisation from the board or its authorised officer.

The brand should be consistently used in all published material and communications. An administrator will be tasked to oversee the use of the brand identity to ensure consistency and training will be arranged if needed. Any new staff will be offered a short induction session on correct use.

10. Protecting company assets

The assets of a Company shall not be misused; they shall be employed judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and

resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

11. Group Policies

The shareholders of each parent company shall recommend its board of directors adopt the policies and guidelines periodically formulated by the parent company board. Thameswey Limited operates and has approved a scheme of delegation which empowers officers of the group to make operational decisions, including committing to contracts and expenditure, within prescribed limits.

12. Intra Group Communications

Members of the board of parent company board. will receive agendas, minutes and reports from each of its subsidiary's board meetings, as soon as they become available.

13. Shareholders

All wholly owned companies shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights. The board of directors of the Companies shall inform its shareholders about all relevant aspects of the company's business.

14. Corporate citizenship

All Companies shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage collaboration with community groups.

No Company shall treat these activities as optional, but should strive to incorporate them as an integral part of its business plan.

15. Conduct

Each wholly owned Company supports the following principles of public life and the culture of the business is one of honesty and opposition to fraud and corruption. These principles are reflected in our procedures and ways of working.

There is an expectation and requirement that all individuals and organisations associated with the Companies in whatever way, such as contractors, partners and suppliers, will act with integrity and that directors and staff at all levels will lead by example in these matters ensuring adherence to legal requirements, financial regulations, codes of conduct, procedures and professional practice.

Selflessness: Thameswey should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity: Thameswey directors and staff should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity: Thameswey directors and staff should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability: Thameswey directors and staff should recognise that they are part of a body which is accountable to the public for their actions and the manner in which they carry out their responsibilities and should therefore co-operate fully and honestly with any scrutiny appropriate to their office.

Openness: Thameswey directors and staff should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal Judgment: Thameswey directors and staff may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others: Thameswey directors and staff should promote equality by not discriminating unlawfully against any person, and by treating people with respect regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the integrity of the statutory officers of WBC and all employees of Thameswey companies and WBC.

Leadership: Thameswey directors and staff should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves confidence in the actions and operations of the Thameswey Group.

16. Concurrent employment

Directors will be required to notify the company of external appointments but do not require prior approval. Where such appointments would put a director in a position where his interests would be conflicted, they may be approved in advance by either a resolution of the shareholders or, where a company's articles of association permit, by the board of the Company concerned.

17. Communication with the Shareholder Representative and Shareholder Advisory Group

The Board attaches great importance to maintaining good relationships with all shareholders, who are kept informed of significant company developments.

The Companies shall work closely with the Shareholder Representative and Shareholder Advisory Group. The Companies shall report to the SAG when requested and in accordance with the agreed work programme on matters including but not limited to, company performance against business plans, return on investment and risk and opportunities.

18. Reserved Matters

The following matters are reserved to the Council for shareholder approval:

- a. Varying Articles of Association
- b. Varying ownership and structure
- c. Variations to shares (number of, rights, etc.)

- d. Entering contracts that are outside of the business plan or do not relate to the business
- 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
 - i. as more particularly set out in a company's Articles of Association or Shareholder Agreement.

These matters shall in the first instance be considered by the Shareholder Advisory Board.

19. Board Governance

A company board should not be so large as to be unwieldy. The boards should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that changes to the board's composition can be managed without undue disruption. As such, the composition of the Board may vary depending upon the circumstances of the entity.

To ensure that power and information are not concentrated in one or two individuals, there should be a strong presence on all boards of Independent directors. The Shareholder Representative shall attend the meetings of the Board.

The Company board shall appoint an Independent directors to be the Chairman of the Board. The Chairman will be accountable to the shareholder if it has concerns on any matter in respect of which contact through the normal channels of chief operating officer and chief financial officer, has failed to resolve or for which such contact is inappropriate. This provision is not applicable to Export House Limited and KCSC Limited.

- a. Subject to them having completed and submitted in advance, a Non-Disclosure Agreement:
 - i. The agendas of board meetings of Companies shall be available to Members of the Council; and
 - ii. Members of the Council may attend board meetings as observers, by prior written notification to the Chairman of the relevant board.
- b. Subsidiary Company boards must submit any new proposals which cause changes to the Council Approved Parent Group Business Plan to the parent company which, if it supports the proposal, will recommend accordingly to the WBC Executive for consideration and recommendation thereon to the Council for approval.

20. Composition of the Boards

The Composition of the Boards has been determined by Full Council. Any changes to the composition of the Boards shall be done so to ensure the directors appointed have sufficient skills and experience to run it. The composition of the Board may vary depending on the circumstance of the entity. Council Officers shall at all times be in a majority. Any changes to the composition of the Board shall be agreed by Full Council.

Election of Chairman

The Companies shall ensure that an Independent Director shall be elected Chairman of the respective Company.

Quorum

A quorum for each board meeting shall be at least one third of directors present which must comprise at least 1 Independent Director, and 1 Officer Director of the relevant board. In respect of those boards in which do not have an Independent Director (Export House Limited and KCSC Limited) both Officer Directors must be present.

Alternate Directors

All Directors of subsidiary companies may appoint an Alternate Director of the same Director class (Independent, Councillor or Officer) in the event that he/she cannot attend a board meeting. The Alternate Director must be a Director of the parent company.

21. Company Board Meetings

Company board meetings will usually be held in person. In the event that exceptional circumstances necessitate a paper, email, telephone, video, electronic or other form of meeting permitted by the Articles or Company law, the Company shall in the notice of the meeting state the reasons for the meeting in a different form and record in the minutes of the said meeting the reasons and the decision reached at the meeting. The minutes of the said meeting will be published as soon as possible and reported to the next normal board meeting of the Company.

22. Website communication

To the extent possible to preserve commercial confidentiality, Company agendas and minutes will not be published.

Tracked Changes version – Thameswey Group Protocols Wholly Owned Woking Borough Council Companies

July 2022
January 2018

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Protocol Group

Wholly Owned Company Thameswey Group Protocols (“Company” or “Companies”)

1. Protocol Group

~~The Thameswey Group Protocol has been introduced in order to ensure good governance and management of the Thameswey Group of Companies. It has been agreed and is reviewed by a Working Group appointed by the Council in its role as Group Shareholder.~~

2. Introduction

~~These protocols have been introduced to ensure good governance and management of all wholly owned companies. The Council owns a number of wholly owned companies. The operation and purpose of these companies aligns with the Council’s priorities. They create and deliver social value, address market failure, contribute to the Council’s finances and expand the overall service offering. Thameswey Group of companies (“Company” or “Group”) focuses on the development and management of projects that increase the use of sustainable energy, tackle fuel poverty, reduce water waste and encourage green transport both inside and outside the Borough of Woking, provide affordable homes and develop land and property in support of the Council’s strategies. The Thameswey Group is committed to benefiting the sustainable economic development of the Borough of Woking.~~

To the extent permitted by law, no ~~wholly owned Thameswey Ce~~company shall undertake any project or activity to the detriment of the Woking Borough Council (“Council” or “WBC”) or the wider interests of the communities which it serves.

3. Financial reporting and records

~~Wholly owned companies Thameswey~~ prepares and maintains ~~their its~~ accounts in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the UK. The ~~Companies ameswey’s~~ management practices and business conduct benefit the localities and communities in which it operates, to the extent possible and affordable, and are in accordance with the agreed strategies of the Council.

Internal accounting and audit procedures reflect all of the company’s business transactions and disposition of assets, and has internal controls to provide assurance to the company’s board, shareholders and stakeholders that the transactions are accurate and legitimate. All required information is accessible to company auditors and other authorised parties and the Council.

~~Thameswey operates under a system of delegated authority which is reviewed annually to ensure it remains relevant and fit for purpose.~~

4. Page Break Performance and Financial Monitoring Information

The ~~Companies Thameswey Group~~ ~~haves~~ been organised and resourced to prepare full financial activity reports as part of the statutory accounts and at Board meetings (currently 3 times a year).

~~The Companies shall provide key information in respect of company performance against business plans, returns on investment and risk and opportunities to the Shareholder Advisory Group.~~

~~Key information in respect of the Thameswey Group is currently set out for inclusion in the Green Book. Key information, set out in (5) below is prepared for inclusion in the Council’s Green Book on a monthly basis. Thameswey Limited also provides a monthly performance report to all Boards. This report is regularly reviewed by the Thameswey Limited Board.~~

5. Key Performance Indicators (KPIs) for all ~~Thameswey Ce~~companies

With comparisons to approved budget:

- i. New lending
- ii. Loan and Interest Payments
- iii. Sales
- iv. Capital Expenditure
- v. Employee numbers

6. Political non-alignment

Subject to all applicable legal obligations, ~~wholly owned Companies are Thameswey is~~ committed to supporting the constitution and governance systems of the Council. The ~~Companies ameswey does~~ not support any specific political party or candidate for political office. The ~~Ce~~company’s conduct precludes any activity that could be interpreted as mutual dependence / favour with any political body or person, and does not offer or give any company funds or property as donations to any political party, candidate or campaign.

7. Cooperation between ~~wholly owned Thameswey Ce~~companies

~~Wholly owned companies shall Thameswey companies~~ cooperate with other ~~group Thameswey group~~ companies including applicable joint ventures, by sharing knowledge and physical, human and management resources.

In the procurement of products and services, a ~~group company Thameswey~~ company gives preference to other ~~group Thameswey company entities~~, subject to relevant EU procurement rules, and as long as they can provide these on competitive terms relative to third parties.

8. Page Break Public representation of the company and the group

The ~~Companies Thameswey group~~, in all ~~their its~~ public appearances (with respect to disclosing company and business information to public, constituencies such as the media, the financial community, employees and shareholders), may be represented by any director and/or specified employee as approved from time to time by the respective company board.

9. Third party representation

Parties which have business dealings with the ~~Companies Thameswey group~~ but are not members of the group, such as consultants, contractors and suppliers, are not authorised to represent ~~the a Thameswey~~ company without the written permission of the ~~respective Thameswey Limited~~ board.

Third parties and their employees are expected to abide by the Group code of conduct in their interaction with, and on behalf of, a ~~Thameswey C~~company. ~~Thameswey companies are encouraged to sign a non-disclosure agreement with third parties to support confidentiality of information.~~

10. Use of the ~~Company Thameswey~~ brand

The use of the ~~Company Thameswey~~ name and trademark shall be governed by manuals and agreements issued by ~~the respective Companies. Thameswey~~. No third party or joint venture shall use the ~~Companies Thameswey~~ brand to further its interests without specific authorisation from the board ~~of Thameswey Limited~~ or its authorised officer.

The brand should be consistently used in all published material and communications. An administrator will be tasked to oversee the use of the brand identity to ensure consistency and training will be arranged if needed. Any new staff will be offered a short induction session on correct use.

11. Protecting company assets

The assets of ~~a Thameswey a C~~company shall not be misused; they shall be employed judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

12. Page Break Group Policies

The shareholders of each ~~parent Thameswey~~ company shall recommend its board of directors adopt the policies and guidelines periodically formulated by the ~~parent company board. Thameswey Limited board~~. Thameswey Limited operates and has approved a scheme of delegation which empowers officers of the group to make operational decisions, including committing to contracts and expenditure, within prescribed limits.

14. Intra Group Communications

Members of the board of ~~parent company board Thameswey Ltd.~~ will receive agendas, minutes and reports from each of its subsidiary's board meetings, as soon as they become available.

13. Shareholders

~~All wholly owned companies Thameswey Limited and its subsidiaries~~ shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights. The board of directors of ~~the Companies a Thameswey~~ company shall inform its shareholders about all relevant aspects of the company's business.

15. Corporate citizenship

~~All Thameswey C~~companies shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage collaboration with community groups.

~~No A Thameswey C~~company shall ~~not~~ treat these activities as optional, but should strive to incorporate them as an integral part of its business plan.

16. Conduct

~~Each wholly owned Company Thameswey~~ supports the following principles of public life and the culture of the business is one of honesty and opposition to fraud and corruption. These principles are reflected in our procedures and ways of working.

There is an expectation and requirement that all individuals and organisations associated with ~~the Companies Thameswey~~ in whatever way, such as contractors, partners and suppliers, will act with

integrity and that directors and staff at all levels will lead by example in these matters ensuring adherence to legal requirements, financial regulations, codes of conduct, procedures and professional practice.

Page Break

Selflessness: Thameswey should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity: Thameswey directors and staff should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity: Thameswey directors and staff should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability: Thameswey directors and staff should recognise that they are part of a body which is accountable to the public for their actions and the manner in which they carry out their responsibilities and should therefore co-operate fully and honestly with any scrutiny appropriate to their office.

Openness: Thameswey directors and staff should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal Judgment: Thameswey directors and staff may take account of the views of others but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others: Thameswey directors and staff should promote equality by not discriminating unlawfully against any person, and by treating people with respect regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the integrity of the statutory officers of WBC and all employees of Thameswey companies and WBC.

Leadership: Thameswey directors and staff should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves confidence in the actions and operations of the Thameswey Group.

17. Concurrent employment

~~Councillor Directors and Independent~~ Directors will be required to notify the company of external appointments but do not require prior approval. Where such appointments would put a director in a position where his interests would be conflicted, they may be approved in advance by either a resolution of the shareholders or, where a company's articles of association permit, by the board of the ~~Thameswey~~ Company concerned.

18. ~~Page Break~~ **Communication with the Shareholder Representative and Shareholder Advisory Group by Thameswey with Council committees and Councillors**

The Board attaches great importance to maintaining good relationships with all shareholders, who are kept informed of significant company developments.

~~The Companies shall work closely with the Shareholder Representative and Shareholder Advisory Group. The Companies shall report to the SAG when requested and in accordance with the agreed work programme on matters including but not limited to, company performance against business plans, return on investment and risk and opportunities. .~~

- ~~a. All Councillors will have access to all agendas & reports subject to commercial confidentiality and as such need to have signed a current Non Disclosure Agreement prior to receiving any board papers or attending meetings.~~
- ~~b. To aid transparency, Thameswey will list dates of Board meetings on the Thameswey web site.~~
- ~~c. Summary briefings will be given to Councillors and presentations will be made of the financial year results to date against the Thameswey business plan at the same time as the annual business plan approval. This briefing will include a summary of previous period~~

~~activity and expectations for the forthcoming period. Other meetings to discuss company direction will be held on an ad hoc basis. Regular dialogue will help to ensure that the company's strategy is understood and that any queries or other issues are addressed in a constructive way.~~

~~d. All company announcements and presentations (subject to confidentiality arrangements) will be made available on the Thameswey website which should also contain corporate and customer information, updated on a regular basis together with answers to frequently asked questions.~~

~~The chief operating officer, chief financial officer and directors should be closely involved in shareholder relations and report back to the board the views of WBC and any communication from WBC to ensure that, both executive and non-executive directors, have an understanding of the view. The chairman and the other directors are available to meet the major shareholder on a mutually agreed basis. The board seeks to encourage a more active interest and contribution from shareholders.~~

19. ~~Page Break~~ Reserved Matters

The following matters are reserved to the Council for shareholder approval:

- (a) Varying Articles of Association
- (b) Varying ownership and structure
- (c) Variations to shares (number of, rights, etc.)
- (d) Entering contracts that are outside of the business plan or do not relate to the business

- (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.

These matters shall in the first instance be considered by the Shareholder Advisory Board.

20. Board Governance

A company board should not be so large as to be unwieldy. The boards should be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that changes to the board's composition can be managed without undue disruption. As such, the composition of the Board may vary depending upon the circumstances of the entity.

To ensure that power and information are not concentrated in one or two individuals, there should be a strong presence on all boards of Independent directors. The Shareholder Representative shall attend the meetings of the Board. ~~-, Councillor and Officer Directors. Accordingly Group Company Boards should seek to achieve the following proportions, 1 Independent director, 1 Councillor Director and 2 Officer Directors but in any case Officer Directors must not be in the majority.~~

The Company Thameswey Ltd. board shall will appoint ~~an one of the~~ Independent directors to be the Chairman of the Board. The Chairman will be accountable to the shareholder if it has concerns on any matter in respect of which contact through the normal channels of chief operating officer and chief financial officer, has failed to resolve or for which such contact is inappropriate. This provision is not applicable to Export House Limited and KCSC Limited.

Whilst recognising that most shareholder contact is with the chief operating officer and chief financial officer, the chairman and other directors as appropriate will maintain sufficient contact with WBC to understand its issues and concerns.

a. The Chairman will ensure that the views of the shareholder are communicated to the Thameswey Ltd. board as a whole. The Chairman and WBC may discuss governance and strategy. Independent directors should be offered the opportunity to attend meetings with WBC. The Chairman will attend sufficient meetings with a range of representatives of WBC to listen to their views in order to help develop a balanced understanding of the issues and concerns of WBC.

a. Subject to them having completed and submitted in advance, a Non Disclosure Agreement: -

i. The agendas of board meetings of Companies Thameswey Limited and its subsidiaries shall be available to Members of the Council; and

ii. Members of the Council may attend board meetings as observers, by prior written notification to the Chairman of the relevant board.

b. Subsidiary Company boards must submit any new proposals which cause changes to the Council Approved Parent Thameswey Group Business Plan to the parent company Thameswey Limited which, if it supports the proposal, will recommend accordingly to the WBC Executive for consideration and recommendation thereon to the Council for approval.

21. Page Break Composition of the Boards

The Composition of the Boards has been determined by Full Council. Any changes to the composition of the Boards shall be done so to ensure the directors appointed have sufficient skills and experience to run it. The composition of the Board may vary depending on the circumstance of the entity. Council Officers shall at all times be in a majority. Any changes to the composition of the Board shall be agreed by Full Council. respective Company boards should comprise of the following Directors and be reviewed annually by the Council:-

Thameswey Limited (Group Holding Company)

Councillor Directors

The Leader of the Council, or his/her nominee, who must be a Member of the Council's Executive

Council Directors appointed to the Board of any subsidiary

Independent Directors

Independent Directors recruited by the Council

Officer Directors

The Chief Executive of the Council

Officer Directors appointed to the Board of any subsidiary

Subsidiary Companies within the Thameswey Group

Councillor Directors

The Leader of the Council, or his/her nominee, who must be a Member of the Council's Executive

The Member of the Council holding the Portfolio for the relevant area of the Council's business

Any other Member of the Council

Independent Directors

Up to two Independent Directors

Officer Directors

Up to two Officer Directors

Page Break Associated Companies

Where Thameswey Limited has less than 51% of the shares of an Associated Company the composition of the board will be determined by the Council, or in accordance with the arrangements determined by the Council.-

Election of Chairman

~~Thameswey Limited and its subsidiaries shall ensure that an~~ The Companies shall ensure that an Independent Director shall be is elected Chairman of the respective Company.

Quorum

A quorum for each board meeting shall be at least one third of three directors present which must comprise at least 1 Independent Director, ~~1 Councillor Director~~ and 1 Officer Director of the relevant board. In respect of those boards in which do not have an Independent Director (Export House Limited and KCSC Limited) both Officer Directors must be present.

Alternate Directors

All Directors of subsidiary companies may appoint an Alternate Director of the same Director class (Independent, Councillor or Officer) in the event that he/she cannot attend a board meeting. The Alternate Director must be a Director of the parent company. ~~Thameswey Limited.~~

Additional Directors

~~The shareholder of a Thameswey Group subsidiary may appoint an Additional Director in the event that a director of the subsidiary is absent and has not appointed an Alternate Director. The Alternate Director must be a Director of Thameswey Limited.~~

~~The shareholder of Thameswey Limited may appoint an Additional Director in the event that a director of Thameswey Limited is absent and has not appointed an Alternate Director.~~

22. Company Board Meetings

Company board meetings will usually be held in person. In the event that exceptional circumstances necessitate a paper, email, telephone, video, electronic or other form of meeting permitted by the Articles or Company law, the Company shall in the notice of the meeting state the reasons for the meeting in a different form and record in the minutes of the said meeting the reasons and the decision reached at the meeting. The minutes of the said meeting will be published as soon as possible and reported to the next normal board meeting of the Company.

23. Page Break Website communication

To the extent possible to preserve commercial confidentiality, ~~Thameswey Group C~~company agendas and minutes will not be published on the Group website.

End

WOKING BOROUGH COUNCIL
SHAREHOLDER ADVISORY GROUP - TERMS OF REFERENCE

Overview

The purpose of the Shareholder Advisory Group is to advise the Leader in the exercise of his/her responsibility for the Council's functions as corporate shareholder of a company or group of companies and in their role to represent the interests of the Council as Shareholder Representative at meetings of a company.

Decision making

The Leader (or other Executive member appointed by the Leader for this purpose) may make decisions concerning companies in which the Council is or is proposed to become a shareholder, either:

- (a) in Executive; or
- (b) in the presence of the Shareholder Advisory Group.

Membership and Arrangements

The Shareholder Advisory Group shall consist of the Leader (or other Executive member appointed by the Leader for this purpose) in the presence of:

- (a) Such Members of the Executive as are appointed by the Leader (which shall be at least two);
- (b) One co-opted members, who will be an independent person providing relevant expertise and appointed on merit;and
- (c) Relevant senior officers of the Council as are appointed by the head of paid service (or their deputies); together with
- (d) The Chair of Overview and Scrutiny Committee, as a Member of the Council from outside of the Executive, to act in the capacity of Observer.

The Service Director for Finance (s151 officer) and the Service Director for Legal and Democratic Services (monitoring officer), or their deputies, will be advisors to the Group to provide open and strong advice.

Other members of the Executive (who are not directors of any of the companies concerned) may attend and vote as substitutes in the event that an appointed member of the Shareholder Advisory Group is unable to attend

Restrictions on Membership

As the Shareholder Advisory Group is to advise and discharge executive functions in relation to company matters and the role of the Shareholder Representative, only Executive members can be members of the Shareholder Advisory Group with voting rights, although other Executive members and non-Executive members can be invited to attend, without voting rights.

Meetings

The Shareholder Advisory Group shall meet on a basis agreed by itself and normally in private.

The quorum shall be the Leader (or other Executive member appointed by the Leader for this purpose) in the presence of a minimum of:

- (a) one other Executive Member;
- (b) one independent co-optee; and
- (c) one senior officer appointed to the Group (or their appointed deputy).

An invitation to attend must have been provided to the Chair of Overview and Scrutiny Committee (or their nominated deputy) at least three clear days in advance of the meeting taking place. This notice period may be waived if the Chair of Overview and Scrutiny Committee (or their nominated deputy) so agrees.

An invitation to attend must also have been provided to the section 151 officer and the monitoring officer (or their nominated deputies), which will normally be at least three clear days in advance of the meeting taking place.

The Leader (or appointee) will chair the Shareholder Group and a Vice Chair will be selected from the elected members of the Shareholder Group.

Sub Groups

To assist it in its functions the Shareholder Advisory Group :

1. may establish and consult standing sub-groups, such as might be required in respect of:
 - (a) Audit and Risk;
 - (b) Ethical practices; or
 - (c) Nominations and Remuneration
2. may establish and consult ad-hoc or task and finish sub-groups in respect of any matter; and
3. may establish and consult stakeholder groups on any particular aspect or the generality of the objects of the trading companies

A sub-group or stakeholder group may contain such co-opted members, advisors or observers as the Shareholder Advisory Group sees fit.

Functions

1. Monitor the performance of a company in relation to its Business Plan and, in particular, the company's performance:
 - (a) in financial matters
 - (b) against the social goals of the company as set out in the company's Objects, Business Case or Business Plan; and
 - (c) against the values of the Council.

2. 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.
3. 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:

are outside of the business plan or do not relate to the business

- (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.

Relationship

The Shareholder Advisory Group as it considers appropriate in accordance with its functions described above, may:

1. report and make formal recommendations to the Leader, directly or to the wider Executive;
2. make reports to and consult Overview and Scrutiny (including full Council) or
3. make reports to and consult the Standards and Audit Committee, in relation to that Committee's particular functions.

Directorships

Thamesway

| | |
|---|--|
| <p>Thamesway Limited</p> | <p>Independent (Individual Appointment) Paul Grimshare Terry Price William Prescott</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Place Strategic Director of Communities Strategic Director of Corporate Resource</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Thamesway Developments Limited</p> | <p>Independent (Individual Appointment) Terry Price Recruit another Independent Director</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Communities Strategic Director of Place</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Thamesway Housing Limited Thamesway Guest Houses Limited</p> | <p>Independent (Individual Appointment) Terry Price Recruit another Independent Director</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Corporate Resource Strategic Director of Communities</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Thamesway Energy Limited Thamesway Central Milton Keynes Limited</p> | <p>Independent (Individual Appointment) William Prescott Paul Grimshare</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Corporate Resource Strategic Director of Place</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Thamesway Solar Limited</p> | <p>Independent (Individual Appointment)</p> |

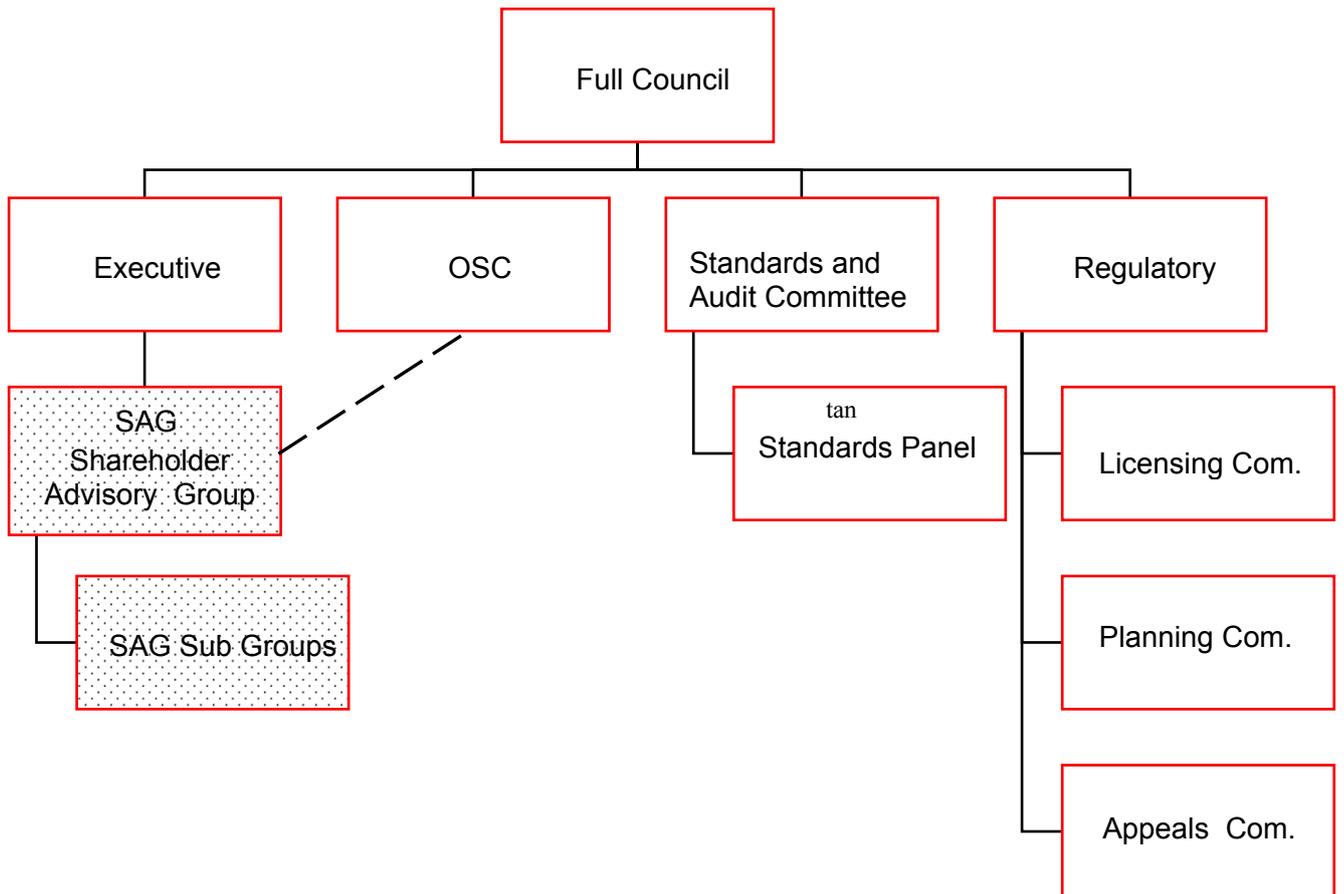
Company Governance

| | |
|---|--|
| <p>Thameswey Sustainable Communities Limited</p> | <p>Paul Grimshare</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Place</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Thameswey Maintenance Services Limited Energy Centre For Sustainable Communities Limited</p> | <p>Independent (Individual Appointment) Terry Price</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Corporate Resource</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Joint Venture</p> <p>Rutland (Woking) Limited Rutland Woking (Carthouse Lane) Limited Rutland Woking (Residential) Limited</p> | <p>Council (Appointment by Role) Chief Executive Strategic Director of Communities</p> <p>Non Council James McAllister Marc Riggs</p> <p>Jonathan Riddings (Company Secretary)</p> |

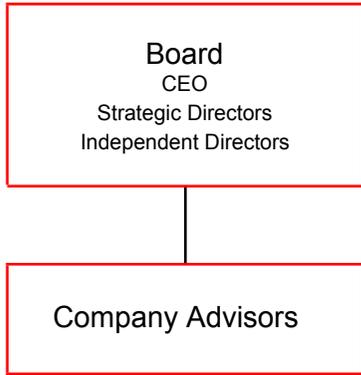
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|---|--|
| <p>Woking Necropolis and Mausoleum Limited Brookwood Cemetery Limited Brookwood Park Limited</p> | <p>Independent (Individual Appointment) Chris Reid Shahid Azeem</p> <p>Council (Appointment by Role) Chief Executive Strategic Director of Corporate Resource Strategic Director of Place</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Export House</p> <p>(Property holding company only – proposed to bring back in house)</p> | <p>Council (Appointment by Role)</p> <p>Strategic Director of Place Assistant Director (Property)</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |
| <p>Kingfield Community Sports Centre Limited</p> <p>(Property holding company only – proposed to bring back in house)</p> | <p>Council (Appointment by Role)</p> <p>Strategic Director of Place Assistant Director (Property)</p> <p>Clyde Secretaries Limited (Company Secretary)</p> |

Company Governance

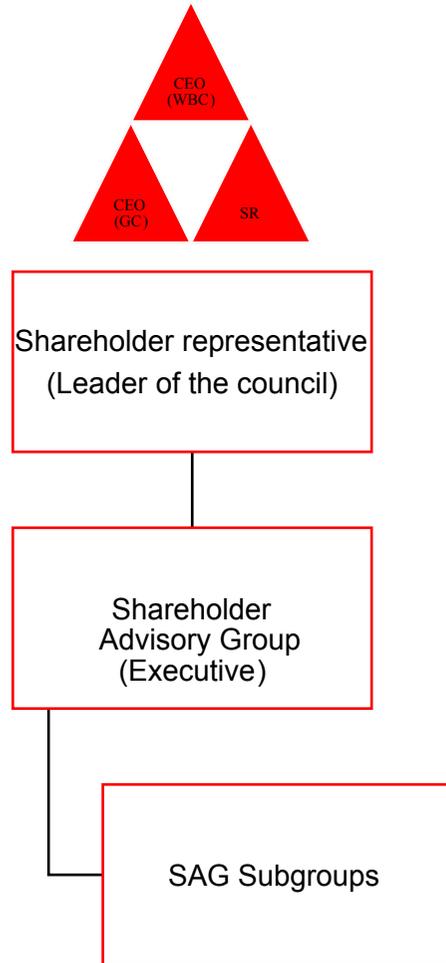
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|--|---|
| <p>Joint Venture</p> <p>Woking Shopping Limited</p> | <p>Council (Appointment by Role) Strategic Director of Place Assistant Director (Property)</p> <p>Non-Council Paul Hearn Peter Robinson</p> |
| <p>Joint Venture</p> <p>Victoria Square Woking Limited Victoria Square Residential Limited VSW Hotel limited</p> | <p>Council (Appointment by Role) Chief Executive Strategic Director of Corporate Resource</p> <p>Non-Council John Kingsbury</p> <p>John Robinson Peter Robinson</p> <p>Paul Hearn (Company Secretary)</p> |
| <p>Joint Venture</p> <p>LAC 2021 Limited (Dormant)</p> | <p>Council (Appointment by Role) Strategic Director of Place</p> <p>Non WBC Council Ray Lee (Elmbridge BC) Nicholas Stevens (Surrey Heath BC)</p> |



Group Company



Members



Officer

