

WOKING BOROUGH COUNCIL

CONSTITUTION

Part 6

Group Companies

- **Wholly Owned Woking Borough Council
Company Protocols**

Wholly Owned Woking Borough Council Company Protocols

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

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

Accountability: Thamesway 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: Thamesway 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: Thamesway 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: Thamesway 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 Thamesway companies and WBC.

Leadership: Thamesway 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 Thamesway 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
- k. 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.

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**Thameswey**

Thameswey Limited	<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>
Thameswey Developments Limited	<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>
Thameswey Housing Limited Thameswey Guest Houses Limited	<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>
Thameswey Energy Limited Thameswey Central Milton Keynes Limited	<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>Thameswey Solar Limited Thameswey Sustainable Communities Limited</p>	<p>Independent (Individual Appointment) 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>

<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 (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 (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>Joint Venture 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 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 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>

Visual Overview of the Model



