

CPCA Shareholder Board

Draft Terms of Reference

1. Overview

- 1.1 The Shareholder Board forms part of the overall governance arrangements for CPCA ("**the Authority**") in relation to companies and other legal entities which are wholly or partly owned or controlled by the Authority (including where such control comes about indirectly, such as via a loan agreement) (each a "**Subsidiary**" and together the "**Subsidiaries**").
- 1.2 The Purpose of the Shareholder Board is to advise the mayor in the exercise of his/her responsibility for the authority's functions corporate shareholder of a company or group of companies and in their role to represent the interest of the Authority as Shareholder Representative at meetings of a company.

2. Membership and arrangements

- 2.1 The members of the Shareholder Board will be set to the mayor and three members of the combined authority consisting of:
 - One member of the Conservative party
 - One member of the Labour party
 - One member of the Liberal Democrat party
 - At least one but no more than two co-opted members who will be independent persons providing relevant expertise and appointed on merit
 - The Chair or representative of the Overview and Scrutiny committee to act in the capacity of an observer
 - The Chair or representative of the Audit Governance committee to act in the capacity of an observer
 - The Chair or representative of the Business Board to act in the capacity of an observer
 - The Chief Executive Officer or their representative
- 2.2 Each Shareholder Board member may nominate a substitute to attend a meeting in their place.
- 2.3 The Shareholder Board will be supported by officers as advisors primarily consisting of:
 - Chief Finance Officer or representative
 - Chief Legal Officer or representative

- An officer with experience relevant to the business of the company
 - Other officers as may be required or suitably experienced non-Executive Director.
- 2.4 Board advisory officers may nominate an alternate officer to attend a meeting in their place.
- 2.5 The Shareholder Board will appoint the Mayor as Chair of the Shareholder Board and the shareholder representative of the authority. If the Chair is not present at the start of a meeting of the Shareholder Board, those members present will appoint one of the members present to chair that meeting.
- 2.6 Additional advisors, who do not need to be officers or members of the Authority, may be invited to attend the Shareholder Board as required but will not have voting rights.
- 2.7 The Board will need to follow and have regard to the rules set out in the Constitution including the finance procedure rules.

3. Role of the Shareholder Board

- 3.1 The Shareholder Board will have a role in ensuring proper governance of the Authority's Subsidiaries, such role to include:
- 3.3.1 Monitoring performance and information from each Subsidiary, in particular on financial and other risks and escalating such risks within the Authority as appropriate.
- 3.3.2 Exercising decisions relating to the authority's role as shareholder, member, owner, lender, or other position of significant control over the Subsidiary, where those decisions have been delegated to the Shareholder Board.
- 3.3.3 Making reports and recommendations to the CA Board on areas outside of the Shareholder Board's delegated authority.
- 3.3.4 Agreeing and entering into a Shareholder Agreement with each of the Authority's Subsidiaries.
- 3.3.5 The necessary oversight, from a shareholder's perspective, that the parameters, policies, and boundaries, that the Authority has established are being adhered to including a regular review of whether the Subsidiary 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.
- 3.3.6 An articulation of what success looks like in terms of delivery models to meet objectives such as achieving social outcomes and/or a return on investment.

- 3.3.7 Agree a mechanism to communicate the shareholder's views to the Subsidiary by effecting systematic engagement between the Chair/CEO and shareholder role to assure effective performance against strategy and governance.
- 3.3.8 Provide a holistic review of risk to the authority offered by all active Subsidiaries.
- 3.3.9 Consider and advise on the duties and if any, the training needs of potential Directors to allow them to competently assume this role.
- 3.3.10 Making representations to the Directors on the Business Plans of the Subsidiary Companies or other organisations set out in this report.
- 3.3.11 Receiving reports from the Directors where appropriate, on the progress and conduct of business in accordance with the approved Business Plan.
- 3.3.12 Reporting to the Board on the performance of the Subsidiary Companies.
- 3.3.13 Undertaking due diligence on the various Subsidiary Companies to ensure liabilities are known and accounted for within the authority.
- 3.3.14 Deciding whether a particular Subsidiary needs to be under the oversight of a specific service area.
- 3.3.15 In the case of forming a new Subsidiary, the Board will first scrutinise the business case for forming the Subsidiary to clarify the service components to be delivered, outcomes sought and options for how these may be delivered and undergo an effective comparison of alternative delivery models to ensure that the objectives, timescales, and drivers of forming the Subsidiary is the optimum approach and an advisory paper will be submitted to Board for a decision.
- 3.4 It is expected that each Subsidiary will enter into a form of agreement with the Authority (whether as owner, controller or lender) setting out the basis of the relationship between them (each a **"Shareholder Agreement"**).
- 3.5 A detailed description of the Shareholder Board's role in relation to each Subsidiary will be set out in the relevant Shareholder Agreement.
- 3.6 Authority to make decisions on behalf of the Authority is delegated to the Shareholder Board for each Subsidiary as follows:
 - 3.6.1 Oversight of any decisions that can only be made by the shareholder, (whether as "reserved matters" under the Shareholder Agreement and Articles of Association or pursuant to the relevant legislation applicable to that Subsidiary) such as :
 - 3.6.2 Approval of Shareholder Agreement with each Subsidiary
 - 3.6.3 Approval of annual Business Plan and deviations from Business Plan.

- 3.6.4 Approval of key appointments (including appointment, removal and or replacement of Directors) and ensuring that the Authority appointments to the board of a Subsidiary comply with the Authority's constitution
- 3.6.5 Borrowing money, granting security and giving of guarantees
- 3.6.6 Issuing Legal proceedings outside of ordinary business
- 3.6.7 Altering in any respect the articles of association of a Subsidiary or any other governing document
- 3.6.8 Altering the rights attached to any of the shares in a Subsidiary
- 3.6.9 Approving the registration of any person as a shareholder or member of a Subsidiary
- 3.6.10 Ensuring that subsidiaries or the subsidiaries interests are not competing against or conflicting with, other subsidiaries or their interests
- 3.6.11 Entering contracts that have a material effect on business of the CA, are outside of the business plan or significant in relation to the size of the business and/or the business plan.
- 3.6.12 Establishing proper arrangements to manage potential conflicts of interest in respect of Officers and/or members appointed to the board of a Subsidiary
- 3.6.13 Approval of pay and pension arrangements in respect of both key employees of the Subsidiary and CPCA Officers appointed to the board of a Subsidiary and ensure that decisions made to make termination payments are in line with the law and the Subsidiary's controlling documents.
- 3.6.14 Varying ownership and the amount of a Subsidiary's issued share capital and winding up of Subsidiary
- 3.6.15 Altering the name of any Subsidiary

4. Decision making

- 4.1 The Mayor or nominee of the mayor may make decisions concerning companies in which the Authority is or proposed to become shareholder either:
 - (a) in a CA Board meeting or
 - (b) in a meeting of the Shareholder Board

5. Meetings

- 5.1 The Shareholder board shall meet on a basis agreed by itself and its meetings will be held in private.
- 5.2 The quorum shall be the Mayor, one member of the CA Board, one independent co-opted member and one officer of the CPCA

6. Interactions

- 6.1 The Shareholder Board as it considers appropriate, may:
- 6.2 Report and make formal recommendations to the mayor directly or to the CA Board
- 6.3 Make reports to and consult the Overview and Scrutiny committee
- 6.4 Make reports to and consult the Audit and Governance committee