

Schedule 4

Shareholder Committee Terms of Reference

Lancaster City Council - company group

Shareholder Committee – Terms of Reference

1 Introduction

- 1.1 Morehomes for the Bay (Developments) Limited (**Development Company**) and Morehomes for the Bay (Investments) Limited (**Investment Company**) and any other companies which, by virtue of a Deed of Accession, are party to the Shareholder Agreement (together, the **Companies**) are companies limited by shares which are wholly owned by Lancaster City Council (the **Council**).
- 1.2 The Companies have been established with general commercial objects but shall only carry out the activities in accordance with clause 2 of the Shareholder Agreement.
- 1.3 The Council has reserved certain functions to itself, as shareholder, in the articles of association (the **Articles**) and the shareholder agreement in place between the Council and the Company (the **Shareholder Agreement**). The purpose of these terms of reference, which sit alongside the Articles and the Shareholder Agreement, is to set out the functions which are delegated by the Cabinet of the Council to the Shareholder Committee (the **Committee**) and the terms on which the Committee will operate.

2 Membership

- 2.1 Members of the Committee shall be the then current Council Cabinet members from time to time.
- 2.2 Members of the Committee shall be appointed for a term equal to that member's term appointed as a Cabinet member of the Council. Members of the Committee shall cease to be a member of the Committee at the end of their term as Cabinet member of the Council.
- 2.3 The Chair of the Committee shall be appointed by the Council.

3 Meetings

- 3.1 Meetings of the Committee shall be held at least quarterly, and as frequently as is necessary for it to exercise its delegated functions.
- 3.2 The quorum for Committee meetings shall be 3.
- 3.3 Decisions at meetings shall be made by a majority vote. The Chair of the Committee shall have a casting vote. Decisions may be taken electronically between meetings.
- 3.4 There shall be a representative of the Committee, who is nominated by the Committee to be responsible for notifying the Company of any decisions made by the Committee in relation to the Company. The Committee may nominate the "Council Representative" as such position is appointed under clause 3.8 of the Shareholder Agreement.

3.5 The Committee may invite any person (including Council officers, Directors of the Company and third party advisors) to attend meetings of the Committee in an advisory capacity, as the Committee deems appropriate.

3.6 Meetings of the Committee shall be conducted in accordance with the Council Cabinet rules as modified by any rules approved by the Committee.

3.7 Reports will be presented by either Chair of the Board of Directors or Chair of the Shareholders Committee (the Leader of the Council).

4 **Sub-Groups**

4.1 To assist in its functions the Committee may:

4.1.1 establish and consult standing sub-groups, such as might be required in respect of:

- (a) audit and risk;
- (b) ethical practices; and
- (c) nominations and remuneration, and

4.1.2 may establish and consult ad-hoc or task and finish sub-groups in respect of any matter;

4.1.3 may establish and consult stakeholder groups on any particular aspect or the generality of the objects of the trading companies; and

4.1.4 sub-group or stakeholder group may contain such co-opted members, advisors or observers as the Committee sees fit.

5 **Relationship**

The Committee as it considers appropriate in accordance with its responsibilities and functions described above, may report and make formal recommendations to the Leader, directly or to the Cabinet of the Council.

6 **Minutes and reporting**

6.1 Draft minutes of meetings shall be circulated to the Chair of the Committee for approval within ten (10) working days of the meeting.

6.2 Minutes of meetings will be presented to the next Committee meeting and will also be made available to the Council.

6.3 There will be annual reporting to the Council on the activities of the Committee and operation of the Company, in accordance with the responsibilities set out in these Terms of Reference and the Shareholder Agreement.

7 Responsibilities

7.1 The Committee shall be responsible for:

- 7.1.1 the giving of consent in relation to the Council Consent Matters set out in Part 2 of Schedule 1 of the Shareholder Agreement from time to time;
- 7.1.2 scrutinising and reviewing the Business Plan prior to the Cabinet's approval of it;
- 7.1.3 monitoring the operations and performance of the Company through the receipt and analysis of reports prepared and presented by officers of the Company in accordance with clause 7 of the Shareholder Agreement;
- 7.1.4 ensuring compliance with the Council's corporate objectives as set out in the Council's corporate plan;
- 7.1.5 receiving internal audit reports from directors and officers of the Company;
- 7.1.6 receiving quarterly borrowing reports for any lending of the Company; and
- 7.1.7 such other matters as decided by the Council from time to time.

8 Business Plan protocol

- 8.1 The Company shall send a revised version of the then current Business Plan to the Committee three (3) months prior to the expiry of the then current Business Plan and invite the Committee to provide comments on the proposed Business Plan.
- 8.2 Each Business Plan shall be substantially in the format of the previous Business Plan (unless otherwise stipulated by the Council).
- 8.3 The Committee shall consider the revised Business Plan at its next scheduled meeting (provided the Committee receives the revised Business Plan with sufficient time to consider the same).
- 8.4 Following the Committee's consideration of the revised Business Plan, the Committee shall respond to the Company with proposed revisions and/or comments and questions to the revised Business Plan.
- 8.5 The Company shall promptly consider the Committee's amendments, questions and/or comments and confirm their acceptance to the same to the Committee as soon as reasonably practicable.
- 8.6 Following such confirmation by the Company, the Committee shall refer the agreed Business Plan to the Council Cabinet for approval. The Company shall promptly respond to any requests, questions and/or comments from the Committee and/or Cabinet throughout the Business Plan approval process set out in this paragraph **Error! Reference source not found.**
- 8.7 Subject to the receipt of Council Consent, before the end of each accounting period, the Directors shall (in accordance with this Agreement and this paragraph 8) consider and,

if appropriate, adopt an updated and revised Business Plan for the relevant accounting period. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Council Consent.

8.8 All Parties shall use reasonable endeavours to enable the Company adopt an updated Business Plan by the expiry of each accounting period of the Company, however this shall not fetter the Committee's or the Cabinet's discretion in reviewing the proposed Business Plan.

8.9 For any period when a proposed Business Plan sent by the Company to the Committee under paragraph 8.1 has not been approved by Council Consent and/or adopted by the Directors in accordance with this paragraph 8:

8.9.1 the relevant existing Business Plan shall continue to be the Business Plan of the Company; and

8.9.2 the Company shall be permitted to re-submit a revised Business Plan in accordance with the provisions of paragraph 8, but always complying with any direction, comment or request raised by the Committee.

9 **Review**

These terms of reference shall be reviewed at least annually, and any amendments shall be approved by the Council Cabinet.

