

Appendix A

SHAREHOLDER COMMITTEE DRAFT TERMS OF REFERENCE

1. Purpose of the Shareholder Committee

1.1. The Shareholder Committee will give advice and direction to the Cabinet Member(s) who hold the legal responsibility for making ASDV shareholder decisions. [The Cabinet Member(s)]

1.2. The Shareholder Committee will:

- 1.2.1. Provide strategic oversight of the commissioning arrangements for ASDVs and to provide assurance to The Cabinet Member(s) that these arrangements are:
 - 1.2.1.1. compliant with the councils constitution, rules and procedures;
 - 1.2.1.2. achieving best value
 - 1.2.1.3. fit for purpose.
- 1.2.2. Provide specific recommendations to The Cabinet Member (s) regarding any improvements to be made to these commissioning arrangements.
- 1.2.3. Commission and then oversee an ASDV change programme as per the resolutions of Cabinet meeting of 13 March 2018.
- 1.2.4. Review any proposals to expand or reduce the scope of any of the existing ASDVs and advise The Cabinet Member (s) regarding any decisions to be made in this regard.
- 1.2.5. Review any proposals to create a new ASDV and advise The Cabinet Member(s) regarding any decisions to be made in this regard
- 1.2.6. Review any proposals to close any of the existing ASDVs and advise The Cabinet Member(s) regarding any decisions to be made in this regard.
- 1.2.7. Review the strategic business cases for each ASDVs and to provide strategic advice to The Cabinet Member(s) before these business plans are endorsed by the shareholder.
- 1.2.8. Ensure that appropriate communication and engagements processes are put in place for all stakeholders.

- 1.2.9. Otherwise discharge the role of the Shareholder in respect of the Council's ASDVs.

2. Membership

- 2.1.** The Shareholder Committee shall consist of 5 voting members drawn from the Elected Members of the Council. This will be appointed to in line with the rules set out within the constitution for the appointment of members to committees.
- 2.2.** The proportionality of the voting members will reflect the political proportionally of the Full Council.
- 2.3.** A further 2 co-opted members will also be appointed to the Committee to provide the committee with a wider range of commercial and governance expertise to the committee and the Cabinet Member(s).
- 2.4.** Quorum: For the transaction of business there must be [3] Elected members present.
- 2.5.** Appendix A provides a summary of the required skills sets for each of the members of the committee

3. In Attendance

- 3.1.** The Chief Executive, the Section 151 Officer, the Director of Legal Services and the Executive Director for Place (or their representatives) will be advisors to the Shareholder Committee. The committee and/or those Officers may invite additional advisors to attend the Shareholder Committee as required.

4. Functions

- 4.1.** The core function of the Shareholder Committee is providing strategic oversight of the arrangements with the Councils ASDVs at the group level. In exercising this core function the Shareholder Committee may determine the areas it wishes to consider but as a minimum the committee must be able to:
- 4.1.1. Provide assurance that strategic commissioning arrangements for the ASDVs are fit for purpose or provide recommendations to ensure that they are.

- 4.1.2. Provide assurance that the overarching performance arrangements for each ASDV are fit for purpose or provide recommendations to ensure that they are.
 - 4.1.3. Provide assurance that the arrangements for ASDVs comply with the Public Contract Regulations 2015;
 - 4.1.4. Provide assurance that all ASDVs are complying with the relevant statutory and regulatory framework for their respective areas of operation;
 - 4.1.5. Prepare and maintain a strategic risk register in relation to the group of ASDVs
- 4.2.** The shareholder committee shall provide advice to The Cabinet Member(s) on any decisions that need to be made in relation to the overall commissioning arrangements and also prepare and present a strategic report to the Cabinet at least once a year on the overall governance and performance arrangements for the Council's ASDVs.
- 4.3.** The second core function of the Shareholder Committee is to fulfil the resolution of the Council's Cabinet at its meeting of 13 March 2018 in relation to the establishment of an ASDV change programme and any future change
- 4.4.** Within this core function the Shareholder Committee will consider the initial review undertaken by the external advisors and will commission a detailed programme plan to enable a set final recommendations to be made to The Cabinet Member (s) regarding each of the companies. These recommendations may include:
- 4.4.1. The expansion of an existing ASDV
 - 4.4.2. The creation of a new ASDV
 - 4.4.3. The transfer of services from one ASDV to another
 - 4.4.4. The returning of the services from an ASDV back to the Council
 - 4.4.5. Making changes to the council's overarching commissioning arrangements
 - 4.4.6. In support of this core function the Shareholder Committee will review and analyse the annual statement of accounts of each ASDV.
- 4.5.** The third core function of the Shareholder Committee is to make recommendations to The Cabinet Member (s) about whether or not to approve the business plans of each of the ASDVs as shareholder. Within this core function the Shareholder Committee will also:
- 4.5.1. Provide strategic advice to The Cabinet Member (s) on the robustness and suitability of each of the ASDV Business Plans

- 4.5.2. Review any proposals to make a significant capital or revenue investment in any of the council's ASDVs
- 4.5.3. Specifically reviewing any proposal by an ASDV to submit tender for services to a client other than Cheshire East Council
- 4.5.4. Provide advice to The Cabinet Member(s) before exercising any shareholder consents
- 4.5.5. Determine the distribution of any surplus or the issue of any dividends from an ASDV

4.6. It is to be noted that the Shareholder Committee will not have operational control over the ASDVs. Within the parameters legitimately falling for approval by the Shareholder, all decisions regarding the day to day operation of each Company are the responsibility of the Directors of each Company. In addition, the day to day liaison with the companies will be between the client service of the Council and the managing director of each company.

5. Frequency of meetings

5.1. The Shareholder Committee will:

- 5.1.1. Meet Quarterly as a minimum
- 5.1.2. Report to the Council's Cabinet on at least an annual basis
- 5.1.3. Report to the Corporate Overview and Scrutiny Committee annually

6. Administration

6.1. Minutes and agendas will be distributed no later than 5 clear working days prior to the meeting

7. Principal Information Management needs.

- Statutory accounts of each company
- Annual engagement and commercial activity report
- Update reports on major projects
- Business plans for each company including risk registers