

CCSMP Terms of Reference

Section A

Role

To ensure that the Council's strategic and good governance objectives are met across the Group and to support the development of the Group in line with the Council's regulations and ambitions. Commercially sensitive information provided to the CCSMP will not be available for publishing.

Membership

S151 Officer (Chair)
Director of Law and Governance; Monitoring Officer
Director of Commercial Investment and Capital

Meetings and reporting

Meetings of the CCSMP will be held quarterly or more frequently as required, the first such meeting to be held within two months of Cabinet approving these Terms of Reference

Council nominated directors, member representatives and other senior managers as relevant will be invited to attend meetings

The CCSMP will via the Chair report to Cabinet on a biannual basis at minimum and make recommendations as appropriate. The Chair shall frequently brief relevant Cabinet Members between formal reporting to Cabinet. CCSMP is not authorised to make decisions in relation to any Group entity, however the Chair has authority to make decisions specifically delegated by Cabinet, subject to any superseding decisions and/or changes to the Council's constitution.

Responsibilities

Responsibilities include:

- Embedding principles of good governance as referenced in Section B of these Terms of Reference, including by making recommendations via the Chair for the Council's constitution to be amended to reflect the role of CCSMP and recommended corporate protocols, such item to be on the agenda for the first meeting of the CCSMP
- Supporting the development of Group entities and the Group
- Monitoring financial and other risks for the individual companies and together as Group entities
- Ensuring that the legal and commercial interests of the Council as

shareholder/member are considered and protected through formal structures such as shareholder agreements and loan agreements

- Making proposals via the Chair to the Council's Cabinet on the formation / disposal / dissolution of companies and matters, such as varying Articles of Association, varying ownership and structure and varying share rights
- Holding entity boards and Senior Managers to account for their performance

In fulfilling its responsibilities the CCSMP will:

- Receive reports on the performance of the Group, against their Business Plans including Annual Shareholder Reports.
- Receive analysis of the business of the Group including:
 - Management accounts
 - Key commercial and legal risks
 - KPIs in the business plans
 - Investment analytics
- Identify Group entities' business support requirements
- Provide Group entities with clear direction and support in its role as shareholder
- Evaluate effectiveness of Group entity board governance structure and processes and recommend changes as required, including with a view to achieving diversity, skill set, sectoral knowledge and appropriate representation
- Review business plans and strategies of the entities to ensure alignment with the Council's strategic direction
- Oversee compliance:
 - to ensure that taxation, legal and financial interests of the Council are considered and protected
 - with procurement regulations
 - with appropriate business ethics including in respect of potential conflicts of interest
- Ensure that risk relating to the entities is at a suitable level for the Council to bear
- Receive updates and training in respect of best practice for company governance and associated matters
- Where appropriate make recommendations to Cabinet via the Chair for interim measures to be implemented

Section B

Principles of Good Governance

- ❖ The Group entity will be provided with the freedoms to achieve its commercial and operational objectives.
- ❖ The Council will retain controls which enable it to protect its investment and ensure that its objectives are met.
- ❖ Appropriate business ethics will be enforced so that decisions are taken for the benefit of the individual Group entity and the Council, taking into account the Group, with directors acting for their company, and the CCSMP acting for the Council and Group. Any interests (including competing interests between the Council and Group entity, or between Group entities) will be formally recognised and controlled
- ❖ Information will flow between the Council and the Group entity to ensure that mutual understanding and shareholder / company objectives are maintained. In particular the Council should:
 - set out its objectives and priorities at the outset and keep these under review – any changes will be timely, proportionate, commercially realistic and part of the annual review
 - define and communicate clear roles for its representatives who meet with the Company and these meetings will have an agenda and be minuted;
 - engage with the Company to understand, record and analyse the unit costs of the entity's deliverables as key performance indicators (KPIs) and its effect on Council and Group KPIs (incorporating factors such as interest payments, tax savings, business rates, savings/contributions on connected council activities and effect on the economy), companies will be reviewed annually – these reviews together with triennial reviews will be a mechanism for considering change in investment and funding.
 - engage with the Group entity to understand and support it in relation to resourcing, including staffing, working capital, the investment cycle, cashflow, and retained profits.
 - maintain a joint risk register to ensure risks are managed across the Group, and engage with the entity to plan assurance requirements.
 - set out clear and consistent processes with commercial timescales for key decisions such as loans.
 - ensure that commercial confidentiality of sensitive information is maintained and agree a non-disclosure agreement where appropriate.

And the Group entity

- will engage with the Council in a timely fashion, keeping it well informed, where it requires funding or other support from the Council
- will communicate any commercial timescales and sensitivities
- will provide the information required in its agreements with the Council as part of its normal reporting cycle
- will engage effectively with the Council's assurance providers

- ❖ Directors of the Group entity must act for the entity, declaring and avoiding any actual or apparent conflict of interest. The Group entity should have skills appropriate to the sector and roles. To ensure this is achieved the Board should have mandatory training including induction, an annual training programme and guidance notes. An annual skills audit and triennial independent review should be used to support the entity Board and identify appropriate external expertise
- ❖ Council nominated directors and member representatives to receive mandatory training on an annual basis and appropriate indemnity arrangements to be ensured

When Forming or Financing a Company

The Council, in forming or financing a company, will set in place controls to enable it to protect its investment and achieve its objectives.

Initially:

- The Council is required to consider a business case and risk analysis in deciding whether the entity should be established and proceed to trade.
- The Council has the right to appoint board members.
- Participation in any legal entity will require approval by Cabinet following recommendation by the Chair of CCSMP
- A shareholder's or member's agreement can be used to set out decisions which the company directors can only make with approval or oversight of the Council. These might include
 - the right to approve substantial changes in the company's business plan.
 - monitoring and evaluation of company reporting. (There is a need to ensure that that 'advice' does not extend to any form of management of the company)
 - Access to information, financial reporting and monitoring provision is required eg to ensure that commercial agreements such as loans and service contracts are adhered to.