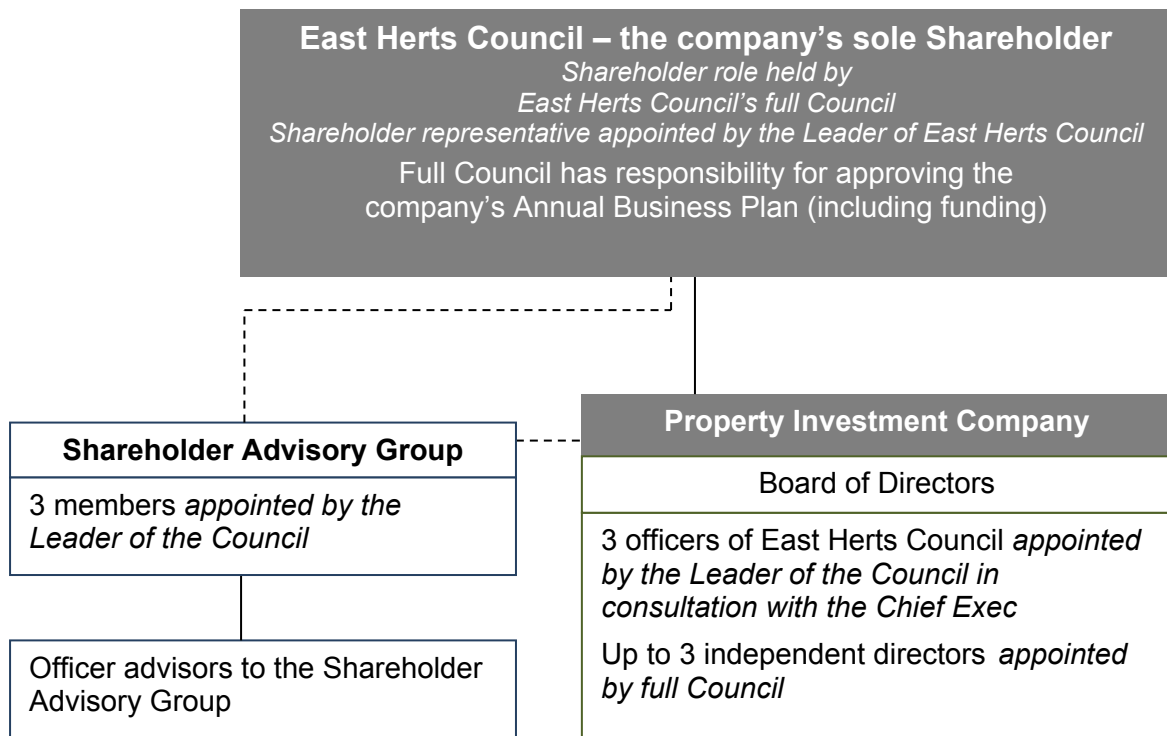


## Essential Reference Paper D: Company Governance Structure

At its meeting of 5 September 2017, the Executive approved the governance structure presented below. This structure, based on structures adopted by other local authorities with trading companies, affords members maximum oversight of the company's operations and, in its capacity as the company's shareholder, the ability to guide the company's activities.

### Governance structure



The respective roles of the constituent parts will be as follows.

<b>Body</b>	<b>Role</b>
East Herts Council is the sole shareholder	Full Council, when meeting formally, would take decisions reserved for the shareholder in the company's Memorandum and Articles of Association and Shareholder Agreement. Such decisions would include the approval of the company's business plan and funding on an annual basis
Shareholder representative	An individual, whether an elected member or officer of East Herts Council or another person, appointed by the Leader of the Council to represent the Shareholder at general meetings of the company or in other communications with the company if, as a single shareholder, the shareholder decides not to hold general meetings
A shareholder advisory group consisting of three elected members	Appointed by the Leader of the Council, this group would exercise oversight of the company's reports and performance on a regular basis, and provide strategic guidance and advice to full Council when it is exercising its rights and responsibilities as the shareholder
The company's Board of Directors	This body would manage the affairs of the company on a day-to-day basis. In the first instance all directors would be officers of the council, who would not receive any additional remuneration for this role. There is provision that in time up to three additional independent directors may be appointed for their expertise in regard to property management, finance and the like; independent directors would probably require some remuneration

While the company's Board of Directors would manage the company's affairs on a day-to-day basis, the council would have a number of ways in which it could legitimately guide the activity of the company, including:

- as the **shareholder** – appointing and removing directors, signing off the company's annual business plan, signing off any changes to the company's Articles of Association and making any other decisions reserved for the shareholder in the Articles and Shareholder Agreement
- as a **funder** – deciding whether or not to make loans to the company and setting the terms of these loans
- as an **owner of properties and/or land** – making available properties and/or land to the company. Note: the current business case is concerned only with the transfer of the council's existing five residential properties.