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Northumberland County Council

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Tel direct: 01670 622610

Date: Tuesday, 5 July 2022

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CABINET** to be held in the Council Chamber on **TUESDAY, 12 JULY 2022 at 10.00 AM.**

Yours faithfully

Daljit Lally
Chief Executive

To Cabinet members as follows:-

G Renner-Thompson, J Riddle, G Sanderson (Chair), J Watson, R Wearmouth (Vice-Chair), C Horncastle, W Pattison and W Ploszaj

Any member of the press or public may view the proceedings of this meeting live on our YouTube channel at <https://www.youtube.com/NorthumberlandTV>.



Daljit Lally, Chief Executive
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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 1
- 14)

Minutes of the meeting of Cabinet held on 7 June 2022, as circulated, to be confirmed as a true record and signed by the Chair.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

a. Which directly relates to Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.

b. Which directly relates to the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.

c. Which directly relates to their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.

d. Which affects the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.

e. Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORT OF THE SERVICE DIRECTOR, HOUSING AND PUBLIC PROTECTION (Pages 15 - 24)

Homes for Ukraine – Financial Support

The report provides an overview for Cabinet of the Homes for Ukraine Scheme, and requests approval to spend in advance of payment being received from Government to support the delivery of the required Local Authority commitments (Appendix A).

5. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S.151 OFFICER, AND INTERIM SHAREHOLDER REPRESENTATIVE (Pages 25 - 222)

Advance Northumberland Ltd and its subsidiaries – Request For Reserved Matter Approval

To request formal Shareholder approval of Reserved Matters under the current Articles of Association of Advance Northumberland Ltd (“Company”) and its subsidiary companies Advance Northumberland (Commercial) Ltd, Advance Northumberland (Developments) Ltd, Advance Northumberland (Housing) Ltd, and Advance Northumberland (Finance) Ltd (together the “Advance Subsidiaries”) to:

- I. Adopt new Articles of Association of the Company and the Advance Subsidiaries
- II. Approve a Financial Delegation Policy of the Company and the Advance Subsidiaries, and
- III. Approve the Role Profile for the “Controlling Shareholder Representative”

6. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER (Pages 223 - 232)

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group via email on 6 June 2022 (Appendix C)

7. URGENT BUSINESS

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency

PART II

It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".

8. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Items	Paragraph of Part I of Schedule 12A
9-11	3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)
AND	The public interest in maintaining this exemption outweighs the public interest in disclosure because the information can be considered to be commercially sensitive (item 9), disclosure could adversely affect the business reputation or confidence in the person / organisation and could adversely affect commercial revenue (item 10), and because disclosure could adversely affect the business reputation or confidence in the person / organisation, and could adversely affect commercial revenue (item 11).

9. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 6 June 2022 (Appendix D)

10. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF PUBLIC HEALTH AND COMMUNITY SERVICES

Integrated Sexual Health Service for Northumberland – Permission to Tender

The purpose of this report is to provide the background to the need to provide a comprehensive open-access sexual health service as part of the council's statutory public health functions; and to seek permission to proceed with a formal tender exercise (Appendix E).

11. REPORT OF THE INTERIM EXECUTIVE DIRECTOR, COMMUNITIES AND BUSINESS DEVELOPMENT

Leisure Service Programme

The purpose of this report is to seek approval to further extend the existing Active Northumberland Agreement for a period of twelve months following consideration of specialist Leisure Services procurement advice (Appendix F)

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name:		Date of meeting:	
Meeting:			
Item to which your interest relates:			
Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details):			
Are you intending to withdraw from the meeting?		Yes - <input type="checkbox"/>	No - <input type="checkbox"/>

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

8. Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a relative or close associate; or
- c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a meeting of the **Cabinet** held at County Hall, Morpeth on Tuesday, 7 June 2022 at 10.00 am.

PRESENT

Councillor G. Sanderson
(Leader of the Council, in the Chair)

CABINET MEMBERS

Horncastle, C.	Riddle, J.R.
Pattison, W.	Watson, J.G.
Renner-Thompson, G.	Wearmouth, R.

OTHER MEMBERS

Stewart, G.	Seymour, C.
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OFFICERS IN ATTENDANCE

Baker, M.	Service Director, Climate Change, Business Intelligence and Performance
Binjal, S.	Interim Monitoring Officer
Bradley, N.	Director of Adult Social Services
Hadfield, K.	Democratic and Electoral Services Manager
Hunter, P.	Interim Senior Service Director
Johnston, N.	Project Manager, Climate Change
Jones, P.	Service Director, Local Services
Kingham, A.	Interim Joint Director of Children's Services
Murfin, R.	Interim Executive Director of Planning and Local Services
O'Farrell, R.	Interim Executive Director of Place and Regeneration
Reiter, G.	Interim Joint Director of Children's Services

Ch.'s Initials.....

Roll, J.	Services Head of Democratic and Electoral Services
Taylor, M.	Interim Executive Director for Communities and Business Development
Willis, J.	Interim Executive Director of Finance and S151 Officer

6. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Ploszaj.

7. MINUTES

RESOLVED that the minutes of the following meetings of Cabinet, as circulated, be confirmed as a true record and signed by the Chair:-

- (a) Tuesday 26 April 2022
- (b) Tuesday 10 May 2022

8. REPORT OF THE LEADER AND DEPUTY LEADER (PORTFOLIO HOLDER FOR FINANCE AND GOVERNANCE AND CORPORATE SERVICES)

Statutory Report of the Chief Finance Officer – S.114a Local Government Finance Act 1988

The Chief Finance Officer of the Council, appointed under S.151 of the Local Government Act 1972, had issued a formal report to members of the Council on 23 May 2022. The report identified two related areas of unlawful expenditure. The first, relating to participation in the Northumbria International Alliance consultancy business, was an executive function. The other, relating to an allowance paid to the Chief Executive, was a non-executive matter as it related to staff.

The purpose of the report was to formally place the Chief Finance Officer's report before the Cabinet and to invite the Cabinet to accept both the contents and the recommendations made in the report, which was attached to the report as Appendix 1 (copy attached to the signed minutes as Appendix A).

The S151 Officer introduced her report, highlighting the key points. She was aware that a further letter had been circulated to members from the Chief Executive but this did not change her view that the Council had acted ultra vires. However, she had asked the QC to review that further information. She also explained to members the background to the provision of the Nick Grubeck advice, which had not been a formal written opinion. He had

outlined a potential argument which she had shared with the external auditor, who felt it was a tenuous argument. Therefore a full legal opinion had been commissioned from Nigel Giffin QC.

Councillor Wearmouth thanked the S151 Officer and her team for their work on this. He hoped Cabinet would adopt the recommendations and stressed that lessons had to be learned.

A number of points were made by members including:-

- Councillor Riddle commented that members had been asking for information about the international business but it had never been properly provided. He asked whether the Council had made any money out of the business. The S151 Officer replied that a summary of historical information had been shared with Audit Committee last Summer. This had been a huge task to pull together because financial records had not been complete and there were no contemporaneous records of officer time spent on the business. The information had been validated by external audit and it suggested that the Council had made around £800,000 from 2017 to the end of the 2020-21 financial year.
- Councillor Watson asked whether there was any tax liability on whatever had been made. The S151 Officer replied that other work was needed to establish the tax position and to put matters right. Discussions would be needed with HMRC to establish whether there was any tax liability. However, she felt this was unlikely as the company had not lawfully been established as a legal entity. Other Councils which had been in a similar position had voluntarily paid the corporation tax that would have been due and this would be considered, but it would be difficult because the exact trading position had not been able to be established.
- Councillor Pattison asked why it was not possible to track payments in and out as this were basic accounting requirements. The S151 Officer replied that there were partial records and she knew some staff had been working on the international business so it had been possible to estimate their costs, but there were wider costs from other staff which hadn't been captured such as those providing financial or legal advice to the business. There were also issues around where certain expenditure had been coded.
- Councillor Renner Thompson commented that he had raised questions about this last year. Whoever had been running this company had been unable to produce a balance sheet and profit and loss account which any business should be able to do. The S151 Officer replied that if it had been a separate legal entity then it would have had a balance sheet and profit and loss account. There should also have been a service level agreement for the work being done by NCC staff and there were no internal trading accounts being maintained to ensure transparency.
- Councillor Horncastle asked when the relationship with the NHS Trust ended and what had the financial arrangement been with them. Had

they received some of the profit made and contributed to officer costs? The S151 Officer advised that she couldn't give a full answer as further work was needed. She believed the Trust had withdrawn formally in 2020 but she understood they had taken a backward step some time prior to that and the Council had assumed the primary role.

- Councillor Wearmouth asked when the business had come into being and how that had happened. What process had been undertaken? The S151 Officer replied that the first discussions took place in 2016 and there had been an approach from UK Trade and Investment to the Trust and the Council. When the Council had started considering entering into contracts she would have expected formal decisions to have been made then, but she could find no record of this. It all seemed to have been done informally though there had been briefings for members.
- Councillor Wearmouth asked what checks and balances had been put in place to prevent any further unlawful activity. He sought assurance that any contracts entered into by the Council were subject to proper legal checks, and that when members asked questions they would get answers to them as this had not been the case previously. The S151 Officer replied that one of the reasons it was important for formal decisions to be taken was so that formal legal and financial advice was transparent. She could not find any evidence that the previous MO or S151 Officer had given advice to members which was of concern. Going forward, it needed to be very clear that formal decisions were needed in the light of professional advice.
- Councillor Watson asked if there were any other penalties the Council could face. The S151 Officer advised that the contracts had been performed satisfactorily. She didn't believe the Council had incurred any financial loss and the position had been regularised with the establishment of a company. Other than working through the potential tax implications, she did not envisage any significant risks other than the reputational damage which had been done.

The Leader made some closing remarks. He assured the meeting that appropriate action would be taken with a full independent investigation and he thanked officers for their work on this. He moved the report's recommendations, which were seconded by Councillor Riddle.

RESOLVED that:-

- (a) the Statutory Report (dated 23 May 2022) under S114A of the Local Government Finance Act 1988 be received and Cabinet confirm that it agrees with its contents in relation to executive functions of the Council, attached as Appendix 1 to the report;
- (b) the recommendations set out in section 6.1 of the Statutory Report attached at appendix 1 be confirmed;
- (c) authority be delegated to the Monitoring Officer and Chief Finance Officer to review and formulate a scheme of executive delegation to

ensure openness, transparency, and accountability for executive functions of the Council and to present a report to Cabinet setting out proposals to achieve this by no later than September 2022; and

- (d) Cabinet refer to the Employment (Appeals) Committee (EAC) of the Council the question of who knew what, when and why the professional advice received in 2019 to form a company was not acted upon. It will be for the EAC to form a view as to whether there is any question of discipline or capability relating to any officer (or former officer) of the Council which requires investigation, disciplinary or other action. Should the EAC determine that there may have been misconduct by any member of the Council, it will be for the EAC to make an appropriate reference under the Member Code of Conduct, in accordance with the Council's arrangements.

9. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF PLANNING AND LOCAL SERVICES

Northumberland Waste Management Strategy – Proposed Food Waste Recycling Pilot Schemes

The report advised Cabinet of future obligations to offer food waste collections to households arising from the Environment Act 2021 and sought approval for a weekly household food waste collection pilot scheme to assess the viability of collections across Northumberland, together with a home food waste composting pilot scheme to consider potential options in rural areas where weekly food waste collections may not be practicable or affordable.

The report highlighted the importance of the Council gaining an understanding of the financial, social, human resource and environmental implications of delivering a new food waste recycling service across the whole County when Government funding became available around 2024/25 (copy attached to the signed minutes as Appendix B).

The report was introduced by Councillor Riddle and Paul Jones detailed the key points. A number of questions were asked including:-

- There were concerns about the space available for the different types of recycling bins, especially at terraced properties, and the potential for birds etc to disturb bagged waste at coastal locations. Mr Jones replied that more recycling inevitably meant more segregation and more containers. As part of the pilot, some households had been selected which were already on glass collection so officers could see how households performed when they had the fuller range of activity. Efforts were also being made to accommodate as much of the different recyclable material as possible into the mixed recycling bin. Food waste containers would be lidded.

- Would members receive regular feedback? Mr Jones advised that performance would be monitored closely and feedback provided to Scrutiny and Cabinet before the end of the pilot.

RESOLVED that:-

- (a) Cabinet note the content of the report including key learning objectives of the pilot schemes and the features of the collection and treatment systems to be deployed;
- (b) Cabinet approve the commencement of a 10-month, kerbside food waste collection pilot scheme at approximately 4,800 properties as detailed in the report and commit £43,000 capital and £128,000 non-recurrent revenue funding already allocated in the Council's Medium Term Financial Plan to fund the scheme;
- (c) Cabinet approve the commencement of a home food waste composting pilot scheme for approximately 90 households located at three rural settlements as detailed in the report, and commit £18,000 from the Climate Change Capital Fund to fund the purchase of the units; and
- (d) Cabinet note that the findings of both pilot schemes will be reported to Cabinet early in 2023/24.

10. JOINT REPORT OF THE SERVICE DIRECTOR FOR CLIMATE CHANGE, BUSINESS INTELLIGENCE AND CORPORATE PERFORMANCE AND THE SERVICE DIRECTOR FOR LOCAL SERVICES

Electric Vehicle Charging Strategy 2022-25

The report proposed a strategy for funding, siting, installing and maintaining electric vehicle charge points for the next three years starting in the financial year 2022/23 (copy attached to the signed minutes as Appendix C).

The report was introduced by the Leader who highlighted that the Council was now the highest achieving authority in England in rolling out electric vehicle chargers, which was excellent.

Matt Baker took members through the report which detailed how the rollout would be accelerated.

A number of points were raised including:-

- The installation of a fast charger in Bellingham was welcomed as it was a tourist area.
- There were some issues around chargers being blocked. Mr Baker advised that this was a common issue and there was no easy answer,

other than to perhaps charge for length of time instead of amount of power. It was suggested that a report be submitted on the options.

- The installation of EV charging points in new car parks, and that Council staff were now installing them, was welcomed.

RESOLVED that:-

- (a) Cabinet approve the strategic intention to prioritise residents who park on-street as the primary target market for future electric vehicle charge points and the hierarchy for site selection;
- (b) Cabinet approve the intention to bid to ORCS for funding for 75 'on street' EVCP units (150 EVCP sockets), a bid value £367,200, which it is proposed to match fund by £244,800 from the 2022/23 NCC Capital Programme;
- (c) Cabinet approve the capital match funding allocation of £244,800. This funding is contained within the 2022/23 approved Capital Programme; Local Services EV Charging Fund (£200,000) and the Climate Change Capital Fund (£44,800);
- (d) Cabinet approve capital funding of £95,880 from the Climate Change Capital Fund to fully fund the installation of an additional 2 rapid EVCPs at Berwick and Haltwhistle and 1 fast charger at Seahouses car park to improve provision for visitors in areas of known high demand. This funding is contained within the 2022/23 approved Capital Programme; Climate Change Capital Fund. These EVCPs would not be eligible for grant funding support under current Government funding schemes;
- (e) the Service Director for Local Services be authorised, in consultation with the Cabinet Member for Environment and Local Services, to make in-year adjustments to the tariff, should this be considered necessary in response to changes to electricity prices, cost of materials or labour so that the income generated from charges covers running costs and there is no additional revenue budget requirement; and
- (f) Cabinet approve the commitment to install EV chargers in any new or expanded car parks as part of the capital budget of that project covering a minimum 5% of parking bays.

11. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER

Financial Performance 2021-22 – Provisional Outturn 2021-22

The report provided members of the Cabinet with the Council's 2021-22 provisional outturn position for the Revenue and Capital budgets, and the

Housing Revenue Account, and detailed the movement in reserves and provisions (copy attached to the signed minutes as Appendix D).

The report was introduced by Councillor Wearmouth who highlighted the strong performance and the projected underspend of £14.5m, the reasons for which were set out in the report.

Mrs Willis added that in addition to the general fund underspend, there would be a carry over of £2m outbreak funding for those disproportionately affected by Covid. She also stressed that this was the provisional position which was subject to further adjustment and any audit adjustments. Currently there was £328.6m in reserves but she warned of rising inflation and increasing demand for services. Recruitment and retention was also a growing problem, but overall the Council was in a financially strong position.

Members welcomed the report and the strong financial performance.

RESOLVED that:-

- (a) Cabinet note the report;
- (b) Cabinet note the projected underspend of £14.518 million;
- (c) Cabinet note the pressures currently identified, including the impact of Covid-19 (Table at 6.1), plus additional £7.314 million Covid-19 related expenditure funded from the Contain Outbreak Management Fund (Table at 6.3);
- (d) Cabinet approve re-profiling to the Capital Programme of £31.481 million from 2021-22 to 2022-23 to reflect estimated expenditure levels in the current financial year;
- (e) Cabinet approve re-profiling to the Capital Programme of £4.341 million from 2022-23 to 2021-22 to reflect estimated expenditure levels in the current financial year (2022-23 Budget has been agreed by full Council);
- (f) Cabinet approve the reversal of £0.607 million from the NHS Partnership Agreement Reserve to the Strategic Management Reserve to fund additional costs in 2021-22 and 2022-23;
- (g) Cabinet approve the following which are assumed in the forecast position:
 - o Create a reserve of £2.130 million to carry forward unspent 2021-22 Contain Outbreak Management Fund grant as per the grant conditions. It is proposed that the utilisation of this reserve is delegated to the relevant Executive Director and the Council's Section 151 Officer.

- The use of £0.346 million from the NHS Partnership Agreement reserve to fund the 2021-22 costs relating to additional IT equipment and apprenticeship levy charges;
- (h) Cabinet approve the following use of the underspend:
- Create a reserve for £0.225 million in order to provide increased funding for Highways Maintenance Investment in U and C roads and footways. It is proposed that the utilisation of this reserve is delegated to the relevant Executive Director and the Council's Section 151 Officer.
 - Create a provision for £0.234 million to fund the cost of a claim from a Council contractor in respect of exceptional cost increases. It is proposed that the utilisation of this reserve is delegated to the relevant Executive Director and the Council's Section 151 Officer.
 - Create a reserve for £0.047 million with the surplus generated to date on the Council's Empty Dwelling Management Orders Scheme (EDMO). Any surplus generated at the end of the 7-year term is required to be returned to the private homeowners in line with the Order. It is proposed that the utilisation of this reserve is delegated to the relevant Executive Director and the Council's Section 151 Officer.
 - Top up the Social Fund with the unspent Local Council Tax Support (LCTS) Hardship Funding of £2.308 million to grant further discretionary discounts to working age council tax support claimants in 2022-23.
 - Add £1.000 to the Regeneration Development Reserve in order to enable the continued support of the key economic work of the Council and appropriate external partners, to maximise the benefits of current and future investment opportunities.
 - Increase the Legal Challenges Reserve by £1.257 million in order to fund legal fees required to secure the Council's interests in future and ongoing disputes.
 - Add £1.000 million to the Restructuring Reserve. This reserve will fund the one-off voluntary severance staffing costs required to support the Council's transformation agenda. All costs will be authorised by the relevant Executive Director and the Council's Section 151 Officer with the exception of any packages over £0.100 million which will require full Council approval.
 - Create a reserve of £0.500 million for Recruitment and Retention. It is proposed that the utilisation of this reserve is delegated to the Council's Section 151 Officer.
 - Create a reserve of £0.215 million to fund the transformation for the Revenue and Benefits Service. It is proposed that the utilisation of this reserve is delegated to the Council's Section 151 Officer.
 - Create a reserve of £2.178 million for the cost of repairs following Storm Arwen. This includes £0.156 million in order to fund the remaining highways capital repairs initially identified and £2.022 million to fund those works that have now been identified as outstanding. It is proposed that the utilisation of this reserve is

delegated to the Executive Director of Local Services and the Council's Section 151 Officer.

- Create a reserve of £5.208 million to fund exceptional inflationary pressures in 2022-23. It is proposed that the utilisation of this reserve is delegated to the Council's Section 151 Officer;

- (i) Cabinet note that the underspend will be utilised as follows and there will be no transfer to the General Fund for financial year 2021-22:

	£m
2021-22 Underspend	14.518
<ul style="list-style-type: none"> • Reserve for increase in funding for highways maintenance for U & C roads and footways. 	0.225
<ul style="list-style-type: none"> • Create a provision for a claim for exceptional cost increases 	0.234
<ul style="list-style-type: none"> • Create a reserve for future EDMO costs/return of surplus at end of Order Term 	0.047
<ul style="list-style-type: none"> • Top up Social Fund with LCTS hardship underspend 	2.308
<ul style="list-style-type: none"> • Increase the Regeneration Development Reserve 	1.000
<ul style="list-style-type: none"> • Increase the Legal Challenges Reserve 	1.257
<ul style="list-style-type: none"> • Increase the Restructuring Reserve 	1.000
<ul style="list-style-type: none"> • Create a reserve for Recruitment and Retention 	0.500
<ul style="list-style-type: none"> • Use NHS Partnership Agreement Reserve to fund IT equipment and apprenticeship levy charges 	0.346
<ul style="list-style-type: none"> • Create a reserve for transformation of the Revenue and Benefits Service 	0.215
<ul style="list-style-type: none"> • Create a reserve for the cost of repairs following Storm Arwen 	2.178
<ul style="list-style-type: none"> • Create a reserve to cover exceptional inflationary pressures 	5.208
Balance Available	-

- (j) Cabinet note the balance available may change and is subject to the impact of any technical accounting adjustments required in finalising

the statement of accounts, including the calculation for the outturn of the Collection Fund;

- (k) Cabinet approve any remaining balance, as a result of any technical accounting adjustments required in finalising the statement of accounts, to be transferred to the Council's General Fund (GF);
- (l) Cabinet approve:
 - o an addition of £0.225 million to the 2022-23 Capital Programme to fund additional Highways Investment in U & C roads and footways and that the Executive Director for Local Services and the Cabinet Member for Environment and Local Services agree the detail of the schemes to be funded. This will be funded by a revenue contribution funded by the Highways Maintenance Investments reserve.
 - o an addition of £0.296 million to the Capital Programme to fund further works repairing the damage to the highways network caused by Storm Arwen to be funded from the Storm Arwen reserve;
- (m) Cabinet approve the new grants and amendments to existing grants at Appendix A and the required changes to the budgets;
- (n) Cabinet note the delivery of the approved savings at Appendix B;
- (o) Cabinet note the use of the contingency shown at Appendix Q;
- (p) Cabinet note the estimated level of reserves at 31 March 2022 is £328.582 million as detailed in Appendix R;
- (q) Cabinet note the estimated level of provisions at 31 March 2022 is £6.703 million as detailed in Appendix R;
- (r) Cabinet approve the virements requested by services shown at Appendix S; and
- (s) Cabinet authorise the Interim Executive Director of Finance (Section 151 Officer), in consultation with the Portfolio Holder for Corporate Services, to finalise the outturn figures once the Statement of Accounts has been prepared and the external audit has been concluded.

12. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarised proposed amendments to the Capital Programme considered by the officer Capital Strategy Group via email on 6 May 2022 (copy attached to the signed minutes as Appendix E).

RESOLVED that:-

Felton HUSK Bungalow Scheme:

Cabinet approve a scheme to deliver affordable housing in Felton by redeveloping an NCC garage site into 5 new 2 bedroom bungalow units using the HUSK construction method at a cost of £695,090 with the funding as shown in paragraph 5.6, noting that this is subject to a successful funding application to Homes England.

13. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item Paragraph of Part I of Schedule 12A

11-12 3- Information relating to the financial or business affairs of any particular person (including the authority holding that information)

AND The public interest in maintaining this exemption outweighs the public interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person /organisation and could adversely affect commercial revenue (item 11), and disclosure would have an adverse effect on the ability of the purchaser to negotiate leases (Item 12).

14. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND S151 OFFICER

Trading Companies' Financial Performance 2021-22 - Position at the end of March 2022

The report informed Cabinet of the current financial positions of its trading companies and of any relevant issues arising (copy attached to the signed minutes as Appendix F, coloured pink and marked Not for Publication”).

RESOLVED that the recommendations detailed in paragraph 2.1 (a-c) of the report be agreed.

15. REPORT OF THE ACTING DEPUTY CHIEF EXECUTIVE

Arrangements for Future Disposals of Land at East Sleekburn

The report updated members on the progress of the British Volt project, and sought approval for proposed arrangements for the future disposed of land required for the development of the British Volt Supplier Park (copy attached to the signed minutes as Appendix G, coloured pink and marked Not for Publication”).

RESOLVED that the recommendations detailed in paragraphs 2.1- 2.6 of the report be agreed.

CHAIR.....

DATE.....

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Northumberland
County Council

CABINET

DATE: 12TH JULY 2022

HOMES FOR UKRAINE – FINANCIAL REPORT

REPORT OF Philip Soderquest, Service Director, Housing and Public Protection

CABINET MEMBER: Councillor Colin Horncastle, Portfolio Holder for Community Services

Purpose of report

The report provides an overview for Cabinet of the Homes for Ukraine Scheme, and requests approval to spend in advance of payment being received from Government to support the delivery of the required Local Authority commitments.

Recommendations

It is recommended that:

- Cabinet approves the request to spend in advance of receipt of the grant funding
- Cabinet approves the request to spend up to the value of the grant funding which will be received
- Cabinet agrees the completion of enhanced DBS checks be for all hosts and their family members over the age of 16, and the costs associated with doing so.

Link to Corporate Plan

This report is relevant to the 'Living, Learning' priority included in the NCC Corporate Plan 2021-2024 which states:

We will care for our residents, support the most vulnerable in our society and help people to live healthy lives.

Key Issues

1. The Secretary of State for Levelling Up, Housing and Communities, Michael Gove, launched the Homes for Ukraine Scheme on the 14th March, ahead of Phase One of the scheme, which opened for visa applications on the 18th of March.
2. The government is providing funding at a rate of £10,500 per person to councils to enable them to provide support to individuals and families arriving from Ukraine to rebuild their lives and fully integrate into communities. This commitment is for the first year only; they will review funding for future years in due course.
3. The funding is un-ringfenced, with a number of conditions attached, and will match the tariff offered under the first year of the Afghan Citizens Resettlement Scheme (ACRS) and Afghan Relocations and Assistance Policy (ARAP), although the role of councils will be different. For example, councils are not asked to source initial accommodation under this scheme as this will be provided by the sponsor / host.
4. Government expects councils to use the tariff to meet all of their associated costs (both for providing council services and for administering payments).
5. Payment of this grant is conditional on councils undertaking necessary safeguarding checks and providing the Government with relevant data. DLUHC will use completed data extracted from Foundry (the DLUHC information portal) to support grant payments, and to provide assurance that relevant grant conditions have been met.
6. Government has indicated that payment of the grant will be three months in arrears, with first payments, expected in June, still to be received. The guidance states that any surplus tariff has to be repaid back to DLUHC and we will need to make quarterly return signed by S151 Officer. **To date no payments have been received from Government**
7. In addition, the government is also providing additional funding directly to schools to provide education services for children from families arriving from Ukraine under this scheme. The Department for Education (DfE) will allocate funding on a per pupil basis for the three phases of education at the following annual rates:

- Early years (ages 2 to 4) - £3,000
- Primary (ages 5 -11) - £6,580
- Secondary (ages 11-18) - £8,755

These tariffs include support for children with special educational needs and disabilities (SEND).

8. The council is required to administer the following:
 - **£200.00** per person upon arrival from Ukraine to meet subsistence costs
 - DBS checks for Hosts and / or their families
 - Accommodation checks, completed in Northumberland by either the NFRS or the Private Sector Housing Team
 - Three safeguarding visits per individual or family by officers from the council's Asylum Seeker & Refugee Team

9. The Council is also required to administer the **£350.00** 'thank you payment' per month for each Host for up to 12 months. Government will allocate additional funding for these payments, but they do expect councils to cover administration costs within the tariff.

10. A dedicated budget code has been established for the Homes for Ukraine Scheme to which the DBS checks and the cash payments are currently being charged.

11. There are currently **548¹** individual Ukrainian nationals registered on the DLUHC Foundry portal for Northumberland. The Government has committed to providing £10,500 per person in year one. This would mean that we could receive up to **£5,754,000**

12. We currently have **255** individuals who have arrived (as of 24th June 2022), this would mean that we would expect to receive **£2,677,500** in payments from Government.

13. If all **548** Ukrainian nationals were to arrive, we would require **£109,600** to fund the £200 per person subsistence payments. Current arrivals to date have required payments totalling **£51,000**.

14. There are currently **199** hosts registered on the DLUHC Foundry portal for Northumberland, with a further **1402** Expressions of Interest for phase 2. Each host and adult member of their household will require a DBS check at a normal cost of **£44** per person for an enhanced check should the family arriving from Ukraine include children. As the portal does not detail the numbers in the Host family household the potential costs for DBS check cannot be accurately confirmed.

15. The Council has decided that all DBS checks will be requested at an Enhanced level. We have a duty to safeguard our residents and we have made the decision that we will complete Enhanced DBS checks for all hosts as we believe this is in everyone's best interests. The Council is of the view that those fleeing Ukraine and looking to engage with the scheme are inherently vulnerable given the traumatic circumstances leading to their arrival in the UK.

¹ Data from 24th June 2022

16. Each host can receive £350 per month for up to 12 months as a thank you payment. At present, if all 199 host placements were to proceed, this would equate to **£835,800**. We currently have **119** Host families in place, our current commitment is therefore **£499,800**, however this is likely to increase as an increasing number of Hosts and Ukrainian nationals are matched.
17. All staff resource required to fulfil the requirements of the scheme is being drawn from existing resources and services, re-directed from other priorities to support the Homes for Ukraine scheme. This is not a sustainable, long-term option therefore additional recruitment is being progressed to support delivery.

Recruitment to additional posts is proposed to support the delivery of the scheme as it grows, which will include senior support, Resettlement Officers, EAL Teachers and assistants and a Tenancy Support Officer. There is also the potential to fund other services with the Government funding that has been allocated to the scheme.
18. No other funding stream exists from which funding can be drawn down, therefore an approval to spend before receipt of grant funding is requested to fill the gap between the current necessary spend and the receipt of payment from Government. There is currently no definite date from them when this is likely to be however June has been suggested as the first date that payments will start to be issued.
19. The approval to spend before receipt of grant funding will enable the council's team(s) to fulfil the obligations placed on it by Government and meet the needs of both the Hosts and the families or individuals arriving from Ukraine (details provided below)

Background

The Homes for Ukraine scheme was launched on 14 March 2022 by the Secretary of State for Levelling Up, Housing and Communities. This scheme is open to Ukrainian nationals who were residents in Ukraine prior to 1 January 2022 and also to their immediate family members (for example spouse/partner and children under 18) who may be of other nationalities, to be sponsored to come to the UK.

The scheme allows individuals to sponsor named Ukrainians. The number of people who can access this scheme is uncapped and is dependent on the capacity of the sponsors / hosts who come forward.

Ukrainian individuals or families will be able to live and work in the UK for up to three years and access benefits, healthcare, employment, and other support. Those arriving need to meet standard security checks prior to being issued with a visa. Sponsors and all adults in sponsors' households will also be subject to initial Police National Computer (PNC), criminal records and Warnings Index checks by the Home Office.

Role of Councils

Councils have a number of important functions in supporting the Homes for Ukraine scheme. Councils will be expected to offer the categories of support listed below.

- **Accommodation checks**

Councils have a statutory duty to promote the welfare of adults and children at risk. The sponsor guidance makes clear that prospective sponsors will be subject to accommodation and safeguarding checks.

Councils must make at least one in-person visit prior to the arrival of guests wherever possible to confirm the suitability of the accommodation. The cost of checks cannot be passed to the sponsor or guest.

Following the guest(s)' arrival, councils are required to confirm as soon as possible that the guest is well and that there are no serious safeguarding or welfare concerns or needs for care and support. Where it is suspected that the adult may have care and support needs, a needs assessment should be undertaken during this visit in line with the requirements of the Care Act 2014.

- **DBS Checks**

The DBS application has to be started as soon as possible following receipt of data on sponsors and guests. The council must facilitate the application, by the sponsor and any other relevant individuals within the household, for the appropriate DBS checks.

The current guidance from DLUHC, is that:

- If a match is made which involves a guest who is a child (i.e., under 18), an Enhanced DBS check will be undertaken on all members of the sponsor household who are aged 16+. This includes a check of the children's barred list. However, this does not apply if the child guest is related to the host sponsor, in this instance only a Basic DBS check is required.
- If the council decides that an adult guest requires additional support, due to age, illness or disability and it is proposed that an adult (16+) member of the sponsoring household provides them with this support, then the local authority may ask for an Enhanced DBS check (including a check of the adults' barred list) to be undertaken on any member of the sponsor's household who is proposed to provide that support.
- In all other cases, including where there is a family relationship between the sponsor and the guest(s), Government guidance states that Basic DBS* check should be undertaken on all members of the sponsor household who are aged 16+.

Councils are expected to cover the cost of DBS checks from the £10,500 funding that is being provided to enable them to provide support to families to settle in.

Whilst noting current guidance, which states that a Basic DBS check should be undertaken if there are no children or vulnerable adults arriving as Guests, it is clearly the duty of the council to ensure that adequate arrangements exist to safeguard those individuals and families travelling to Northumberland. To that end, post discussions with Legal Services and Information Governance, it has been concluded that our safeguarding duty, can only be discharged by completion of **Enhanced** DBS checks for everyone. In general terms, those fleeing Ukraine and looking to engage with the scheme are inherently vulnerable given the traumatic circumstances leading to their arrival in the UK. They may also have little or no understanding or use of the English language and are therefore reliant upon others for support, and importantly, as little or no information is known about them in advance, other than gender and age, there is no means to assess whether any of

the guests require additional support until they have arrived and taken up residence, at which point they may already be exposed to a safeguarding risk.

- **Interim payment for guest**

The council where the sponsor accommodation is located should provide an interim payment (in line with other resettlement schemes) of £200 per guest for subsistence costs. The £200 payment is factored into the tariff and does not need to be repaid by the guest.

- **Education and childcare**

Just like families entering UK under the Afghan and Hong Kong BN(O) resettlement schemes, children arriving from Ukraine will have no specific additional priority for admission, but the council is under a duty to offer advice to parents on the school application process and should advise them where vacancies exist and how to apply.

If there are school places available in the local area, even if not in the immediate vicinity of the family's home, the council will work with families arriving from Ukraine to enable the children to attend school as soon as possible. It is expected that councils provide places and, where they can admit above their published admission numbers (PAN); admitting children of Ukrainian refugees as exceptions to the infant class size limit; as well as place such children using the in-year Fair Access Protocol where needed.

All young people in England are required to continue in education or training until their 18th birthday and most continue until the end of the academic year in which they turn 18. Guests living in the UK under Ukraine Family Scheme, or the Local Sponsorship Scheme for Ukraine are eligible to enrol as a student.

- **Service referrals**

Where necessary, councils are expected to provide advice and referrals to specialist public health services as appropriate e.g., mental health services, adult social care, and children's services.

- **Work and Benefits**

Councils are expected to support guests to access local Jobcentre Plus appointments for benefit assessments and job-seeking.

- **Homelessness assistance**

There may be some cases where the sponsor/guest relationship breaks down and the guest is homeless or at risk of homelessness. Councils' statutory homelessness duties will apply in this instance.

Funding for Councils

The government is providing funding at a rate of **£10,500** per person to councils to enable them to provide support to families to rebuild their lives and fully integrate into communities. The £10,500 for Ukrainian nationals is for the first year. Funding for future years will be reviewed in due course.

This funding will be un-ringfenced, with a number of conditions attached, and will match the tariff offered under the first year of the Afghan Citizens Resettlement Scheme (ACRS)

and Afghan Relocations and Assistance Policy (ARAP), although the role of councils will be different. For example, councils will not be asked to source initial accommodation under this scheme as this will be provided by the sponsor.

Councils will administer 'thank you' payments at the £350 per sponsoring household per month rate. Government have confirmed that they will allocate additional funding for these payments, but they expect councils to cover administration costs within the tariff.

The government is also providing additional funding to councils to provide education services for children from families arriving from Ukraine under this scheme. The Department for Education (DfE) will allocate funding on a per pupil basis for the three phases of education at the following annual rates:

- Early years (ages 2 to 4) - £3,000
- Primary (ages 5 -11) - £6,580
- Secondary (ages 11-18) - £8,755

These tariffs include support for children with special educational needs and disabilities (SEND).

Government expects councils to use the tariff to meet all of their associated costs (both for providing council services and for administering payments).

The government is providing councils with funding of £10,500 per person under this scheme for the first year. This funding will enable councils to provide support to families to rebuild their lives and fully integrate into communities.

Payment of this grant will be conditional on councils undertaking necessary safeguarding checks and providing the department with relevant data. DLUHC will use completed data extracted from Foundry to support grant payments, and to provide assurance that relevant grant conditions have been met.

Request

As the DLUHC have not yet confirmed when and how payments will be made to Local Authorities to support this scheme, the proposal is that approval be given to spend ahead of receipt of Government grant to enable the initial implementation of the scheme to progress and to enable to Hosts and the Ukrainian nationals to be supported, as required by Government.

The approval to spend before receipt of grant funding will enable the council's team(s) to fulfil the obligations placed on it by Government and meet the needs of both the Hosts and the families or individuals arriving from Ukraine. Current costs and estimated costs are as follows, although these are constantly changing as numbers of hosts increase and Ukrainian guests arrive.

	Estimated Costs/Grant based on current number of host families in place	Estimated Costs/Grant based on the number of registered host families (199) and
--	--	--

	(119) and actual Ukrainian National arrivals (255)	registered Ukrainian Nationals (548)
EXPENDITURE:		
Current commitment to subsistence payments (£200 per Ukrainian National)	£51,000	£109,600
Contingency for completion of required DBS checks (host families)	£20,944	£35,024 ²
Staff Recruitment :		
3 x Band 6 Resettlement Officer - (3 x £33,991)	£101,970	£101,970
1 x Band 8 Senior Resettlement Officer	£45,210	£45,210
1 x Band 6 Tenancy Support Officer (temporary accommodation & rematch)	£33,991	£33,991
2 x EAL Teaching Assistant Band 5 (2 x £30,030)	£60,060	£60,060
3 x EAL Teachers (3 x £49,897)	£149,691	£149,691
Education IT hardware support for children & young people	£30,000	£126,000
Translation Services	£30,000	£126,000
Exceptional Expenses for families	£30,000	£126,000
Estimated Overheads NCC internal administration and processing costs	£45,000	£135,000
Contingency	£50,000	£200,000
Estimated Total Expenditure	£647,866	£1,248,546
INCOME:		
Home Office Tariff – un-ringfenced with conditions (£10,500 per individual)	(£2,677,500)	(£5,754,000)
Estimated Amount to be Repaid to DLUHC	(£2,029,634)	(£4,505,454)

² Based upon 4 adults in host household and enhanced DBS checks

	Estimated Costs/Grant based on current number of host families in place (119)	Estimated Costs/Grant based on the number of registered host families (199)
Thank you payments (£350 per month per host family)	£499,800	£835,800
Home Office Reimbursement – Ringfenced (£350 per month per host family)	(£499,800)	(£835,800)
Total	£0	£0

Implications

Policy	Supports the delivery of the Corporate Plan 2021-2024 <i>Living & Learning - We will care for our residents, support the most vulnerable in our society and help people to live healthy lives. We will ensure the best education standards for our children and young people.</i>
Finance and value for money	An agreement to spend ahead of receipt of grant payments will allow the timely interventions to be implemented to support both the arrival of individuals and families from Ukraine as well as the Hosts, fulfilling the requirements detailed by DLUHC. Commitments to fund support will only be agreed if there is sufficient funding to be received by Government. Any additional funds required will be requested through an additional report.
Legal	There is a requirement that the council meet the obligations specified by the DLUHC in its Homes for Ukraine Guidance documents. Whilst not a statutory duty, there is an expectation that these obligations will be met in full.
Procurement	none
Human Resources	Recruitment to additional officer posts will be required to support delivery of the scheme.
Property	Accommodation is provided by the Host families. All required accommodation checks will be completed by the Private Sector Housing Team and NFRS, with the support of Environmental Health, ensuring that HHSS standards are considered.
Equalities	All interventions will be determined on an appropriate, equitable basis.

(Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	
Risk Assessment	Any risks will be assessed on an individual basis and appropriate risk assessments completed.
Crime & Disorder	none
Customer Consideration	The delivery of the Homes for Ukraine Scheme by council services will ensure that the customers' expectations are met, they feel supported, and all obligations are met.
Carbon reduction	none
Health & Wellbeing	Supporting the Homes for Ukraine scheme will ensure that we have a positive impact upon the health & wellbeing of both the Ukrainian nationals and their hosts.
Wards	All

Background papers:

[Homes for Ukraine: guidance for councils - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Service Director Finance & Interim S151 Officer	Jan Willis
Relevant Executive Director	Elizabeth Morgan
Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Cllr Colin Horncastle

Author and Contact Details

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Northumberland
County Council

CABINET

DATE: 12.07.22

Advance Northumberland Ltd and its subsidiaries – Request For Reserved Matter Approval

Report of Mrs Jan Willis, Interim Executive Director of Finance and S.151 Officer, and Interim Shareholder Representative

Cabinet Member: Richard Wearmouth, Deputy Leader of the County Council and Portfolio Holder for Corporate Services

Purpose of report

To request formal Shareholder approval of Reserved Matters under the current Articles of Association of Advance Northumberland Ltd (“Company”) and its subsidiary companies Advance Northumberland (Commercial) Ltd, Advance Northumberland (Developments) Ltd, Advance Northumberland (Housing) Ltd, and Advance Northumberland (Finance) Ltd (together the “Advance Subsidiaries”) to:

- I. Adopt new Articles of Association of the Company and the Advance Subsidiaries
- II. Approve a Financial Delegation Policy of the Company and the Advance Subsidiaries, and
- III. Approve the Role Profile for the “Controlling Shareholder Representative”.

Recommendations

Cabinet is invited to:

1. Approve the proposed new Articles of Association of the Company dated “July 2022” as per the attached document at Appendix A
2. Approve the proposed new Articles of Association of each of the Advance Subsidiaries dated “July 2022” as per the attached documents at Appendix B, C, D & E respectively
3. Approve the proposed Financial Delegation Policy dated “July 2022” as per the attached document at Appendix F
4. Approve the Role Profile for the “Controlling Shareholder Representative” as per the attached document at Appendix G

For Cabinet to be aware that on 14th April 2022 the Leader, using his prerogative power under part 4 of the Council’s Constitution, and under section 15 of the Local Government Act 2000 (as amended over time), appointed Jan Willis, the Interim executive Director of Finance, as Shareholder Representative on an interim basis for the reasons as set out in the paragraphs 17 and 18 below.

Link to Corporate Plan

This report is relevant to the “Thriving”, “Enjoying, Connecting” and “How” priorities included in the NCC Corporate Plan 2021-2024.

Key issues

- 1) The day to day running of Advance Northumberland Ltd and its subsidiaries is the responsibility of the Board of Directors, but there are certain matters of corporate governance that cannot be executed by the Directors without the consent of the Shareholder. These matters are known as “Reserved Matters”. The Shareholder of Advance Northumberland Ltd is Northumberland County Council, but the exercise of Shareholder rights and powers is an Executive function and so it is for Cabinet to give approval of “Reserved Matters”.
- 2) This is a request for Cabinet to approve a new set of Articles of Association, the key public governance document, for Advance Northumberland Ltd and all its subsidiaries, which courses of action are “Reserved Matters” for Shareholder approval under the current Articles of Association of Advance Northumberland Ltd and its subsidiaries.
- 3) Following the approval of the new Articles, a new Financial Delegation Policy can then be approved as a Reserved Matter under the new Articles which will provide clarity and guidance on levels of authority on financial and operational matters for the Directors, senior Officers and Controlling Shareholder Representative to facilitate the operations and governance of Advance Northumberland Ltd and its subsidiaries.
- 4) Following the Caller review which highlighted a number of concerns regarding the way in which the Council exercises its role as shareholder, there is a need to

provide clearer guidance on the role of the “Controlling Shareholder Representative” and the manner in which it is exercised.

Background

- 5) On 23rd February 2021, Cabinet approved the current set of Articles for Advance Northumberland Ltd. These were formally adopted by Special Resolution of the Shareholder on 23rd April 2021 and cascaded to all subsidiaries on 16th July 2021.
- 6) Good practice for corporate governance provides for regular review of the Articles, policies, procedures and other administrative and governance documentation. A review of the current Articles has been ongoing for some months to agree a set that both give greater control over the Company than the set of Articles that applied before April 2021, as Cabinet intended in 2021, but which work better at a practical level for all stakeholders.
- 7) Detailed discussions have been undertaken between the Company’s Chief Operating Officer, the Company’s Executive Director, the Group Company Secretary, the Council’s Interim Executive Director of Finance and S.151 Officer, and the Council’s Monitoring Officer & Interim Director of Governance (“Participants”) and a suite of revised articles and linked financial delegations have been arrived at which all Participants feel reflect a more pragmatic balance between Shareholder and Board oversight and control over Company operations.
- 8) The Company’s Board originally approved the body of the revised Articles on 26th November 2021 and delegated authority to the Executive Director to agree the Schedule 1 Reserved Matters list. The Council’s Monitoring Officer requested a minor change to the Schedule 1 Reserved Matters list which was agreed by the Executive Director on 10th December 2021.
- 9) Following the break for Christmas and some clarification requests, a request for Shareholder Consent for approval of the revised Articles was then made to the Shareholder Representative on 24th January 2022.
- 10) In the intervening period, minor revisions to the new draft were proposed and the Company Board approved the final form of Articles dated July 2022 which are attached as Appendix A.
- 11) To ensure consistency across all Advance Subsidiaries, the form of Articles will need to be adopted by all subsidiary companies and they are attached as Appendices B, C, D & E respectively.
- 12) Discussions were also undertaken by the Participants around another key document for both the operation and governance of the Company and Group, to be known as the Financial Delegation Policy.
- 13) This document will be classed as a “Relevant Agreement” under the Articles and links closely with them, setting out more detailed levels of authority and delegations to Company officers than would be appropriate to embody in the Articles since the Articles need a shareholder Special Resolution in order to amend them and are published publicly at Companies House, whereas the Financial Delegation Policy is a private agreement between Shareholder and the Company and can be amended by agreement.

- 14) The document gives clarity on what is or is not a Reserved Matter, provides a mechanism for seeking an opinion on the need for Reserved Matter consent, and the mechanism for seeking Reserved Matter consent from the Shareholder.
- 15) The terms of the Financial Delegation Policy have been approved by the Company Board and now require Shareholder approval as a Reserved Matter. The proposed Financial Delegation Policy dated July 2022 is attached as Appendix F.
- 16) On the 14th June 2018, Cabinet approved the appointment of the Chief Executive as the Council's shareholder representative for Advance Northumberland Ltd and associated subsidiaries.
- 17) Currently, the Chief Executive (CEO) is away from the office and therefore has been unable to act as the Council's shareholder representative and the CEO had not delegated the role to any other officer.
- 18) In the absence of such a delegation and as the appointment was an Executive function and not a matter reserved to full Council, the Leader of the Council, on 14th April 2022, exercising his prerogative under part 4 of the Council's Constitution, and since, under section 15 of the Local Government Act 2000 (as amended over time), Executive functions can be delegated to officers by the Leader or from the Cabinet, Cabinet Committees or an Individual Cabinet Member, delegated the role of the Council's Shareholder Representative for Advance Northumberland Ltd and associated subsidiaries to Jan Willis, Interim Executive Director of Finance and s.151 Officer, on an interim basis.
- 19) These Articles and Financial Delegation Policy were drafted and approved by the Board of Directors before the publication of the Caller Review. It is felt that these documents as currently drafted should be approved as they are certainly an improvement to the current documentation governing the Company. Cabinet should note that further reviews will be undertaken on a regular basis, and certainly to address action 22. of the Action Plan of the Cross-Party Group following the Council's response to address the Recommendations of the Caller Review and the outcomes and contents of the s.144 s.114a reports.
- 20) To assist with the governance arrangements for the Company, a Role Profile for the Controlling Shareholder Representative is set out in Appendix G which will also support action 23. of the Action Plan of the Cross-Party Group in response to the Caller Review regarding the future production of a definition of the relationship between the Council and Council-owned companies and the remit of the Council shareholder.

Implications

Policy	This report outlines information which is relevant to inform the Council's future policies and procedures and its arrangements for its wholly owned subsidiaries.
Finance and value for money	The financial impact of the activities of the wholly owned subsidiaries are carefully monitored in conjunction with the Interim Executive Director for Finance (Section 151 Officer) to ensure that

	activities deliver value for money and ensure that the County Council's financial interests are safeguarded.
Legal	The Council needs to ensure that its wholly owned subsidiaries act within the law and that the actions taken by the wholly owned subsidiaries are in the Council's best interests. Whilst the Council is Shareholder, the exercise of Shareholder rights and powers is an Executive/Cabinet function and so it is for Cabinet to exercise these functions.
Procurement	The Articles and Financial Delegation Policy ensure that procurement legislation and policies are adhered to at all times
Human Resources	n/a
Property	n/a
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	n/a
Risk Assessment	n/a
Crime & Disorder	n/a
Customer Consideration	n/a
Carbon reduction	n/a
Health and Wellbeing	n/a
Wards	all

Appendices attached to this report as follows

Appendix A - DRAFT Articles for Advance Northumberland Ltd July 2022

Appendix B - DRAFT Articles for Advance Northumberland (Commercial) Ltd July 2022

Appendix C - DRAFT Articles for Advance Northumberland (Developments) Ltd July 2022

Appendix D - DRAFT Articles for Advance Northumberland (Financial) Ltd July 2022

Appendix E - DRAFT Articles for Advance Northumberland (Housing) Ltd July 2022

Appendix F - DRAFT Advance Financial Delegation Policy July 2022

Appendix G - DRAFT Role Profile for CSR

Background and related Cabinet reports

- 23rd February 2021 Cabinet – Implementation of Required Governance Improvements in respect of the County Council's Wholly Owned Company (Advance Northumberland Ltd)

Background papers:

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
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Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
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Portfolio Holder(s)	Richard Wearmouth

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Xx July 2022 (full date will be inserted when actually filed)

ARTICLES OF ASSOCIATION of

ADVANCE NORTHUMBERLAND LIMITED

COMPANY REGISTRATION NUMBER 1116983
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 22nd January 2018

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PART 1 PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

“Articles” means the Company’s Articles of association;

“Associated Company” means a Company (other than a Subsidiary) in which the Company has an interest

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Board" means a meeting of the Directors of the Company in accordance with these Articles;

"Business Plan" means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Shareholder

“the Company” means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ

“Consultant” means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

“Chair” (and “Vice-Chair”) has the meaning given in Article 17;

“chair of the meeting” has the meaning given in Article 49;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

“Conflict” means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

“Controlling Shareholder” means the Council;

“Controlling Shareholder Representative” means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Company;

“Council” means Northumberland County Council

‘council Director’ means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

“Director” means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

“distribution recipient” has the meaning given in Article 38;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Financial Threshold” means the amount in pounds sterling as notified in writing to the Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

“Financial Year” means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

“FRC” means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

“Group” means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a holding Company of that Company; and each Company in a Group is a member of the Group.

“holding Company” and “subsidiary” means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;

(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;

(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;

(e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

(f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;

(g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

“instrument” means a document in hard copy form;

“Member Director” means a Director of the Company who is also an elected member of the Controlling Shareholder;

“Non-Member Director” means a Director of the Company who is not an elected member of the Controlling Shareholder;

“Officer Director” means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a Directors’ meeting, has the meaning given in Article 15;

“proxy notice” has the meaning given in Article 55;

“Relevant Agreements” means any shareholder agreement entered into between the Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Company, or any agreement specifically named as such;

“Reserved Matters” means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the Company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

- 1.5.1. any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Shareholders' reserve power

- 6.1 The Controlling Shareholder may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;as they think fit.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

- 9.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 9.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

10. Specific Committees

10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

(i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and

(ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

(i) carry out an appropriate role or functions of such a committee for the Company;

(ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

10.2 These committees shall:

(a) have a quorum of at least three Directors,

(b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder, across and within the Group namely ;

(a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company

shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively

- 12.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with this Article 12.
- 12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.
- 12.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- 12.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

13. Unanimous decisions

- 13.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 13.2 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- 13.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

14. Calling a Directors' Meeting

- 14.1 Any Director or the Controlling Shareholder Representative may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the Company secretary (if any) to give such notice.
- 14.2 Notice of any Directors' meeting must indicate—
(a) its proposed date and time;
(b) where it is to take place; and
(c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such

notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. Participation in Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the Articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

- 17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.
- 17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.

17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.

18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

19.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19.2 But a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:

(a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;

(b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 19.3

19.3 For the purposes of this Article, the following are Permitted Causes:

(a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.

(d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.

(e) In this Article 19, a "relevant Company" means:

(i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or

(ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and

(iii) which for the avoidance of doubt includes an Associated Company.

- 19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetarily or otherwise) from the relevant proposed transaction or arrangement.
- 19.6 Any authorisation under this Article 19.4 will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.
- 19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.
- 19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.
- 19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.
- 19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.
- 19.12 Subject to 19.13, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.

19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

21.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

22.1. The minimum number of Directors shall be three (3).

22.2. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.

22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.

22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.

22.6 No other Directors shall be appointed other than as permitted by the Articles.

22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her

employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

23.1 A person ceases to be a Director as soon as:

- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.

23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.

23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.

23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

24.1. Directors may undertake any services for the Company that the Directors decide.

24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:
(a) for their services to the Company as Directors, and
(b) for any other service which they undertake for the Company.

24.3. Subject to the Articles, a Director's remuneration may:
(a) take any form, and
(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.

24.5 Directors are accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

- 30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 30.2 Every certificate must specify—
- (a) in respect of how many shares, of what class, it is issued;
 - (b) the nominal value of those shares;
 - (c) that the shares are fully paid; and
 - (d) any distinguishing numbers assigned to them.
- 30.3 No certificate may be issued in respect of shares of more than one class.
- 30.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 30.5 Certificates must—
- (a) have affixed to them the Company's common seal, or
 - (b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

- 31.1 If a certificate issued in respect of a shareholder's shares is:
- (a) damaged or defaced, or
 - (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 31.2 A shareholder exercising the right to be issued with such a replacement certificate:
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
 - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The Company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

- 33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
- (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:

(a) payable in respect of shares, and
(b) unclaimed after having been declared or become payable,
may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

40.3 If:

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
(b) the distribution recipient has not claimed it,
the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).

41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;
(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
(c) vesting any assets in trustees.

42. Waiver of Distributions

42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—

(a) the share has more than one holder, or
(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,
the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

(a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a “capitalised sum”) to the persons who would have been entitled to it if it were distributed by way of dividend (the “persons entitled”) and in the same proportions.

43.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to the Articles the Directors may:

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

44. Members

44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.

- 46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.
- 46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.
- 46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

- 47.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 47.2 A person is able to exercise the right to vote at a general meeting when—
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 47.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 47.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 47.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

48. Quorum for General Meetings

- 48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

- 49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.
- 49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.

49.3 The person chairing a meeting in accordance with this Article is referred to as “the chair of the meeting”.

50. Attendance and Speaking by Directors and Non-Shareholders

50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.

50.2 The chair of the meeting may permit other persons who are not:
(a) shareholders of the Company, or
(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

51. Adjournment

51.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

51.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—
(a) the meeting consents to an adjournment, or
(b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

51.4 When adjourning a general meeting, the chair of the meeting must—
(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

51.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days’ notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
(a) to the same persons to whom notice of the Company’s general meetings is required to be given, and
(b) containing the same information which such notice is required to contain.

51.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

52. Voting: General

52.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

53. Errors and Disputes

- 53.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

- 54.1 A poll on a resolution may be demanded—
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 54.2 A poll may be demanded by:
- (a) the chair of the meeting;
 - (b) the Directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- 54.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken, and
 - (b) the chair of the meeting consents to the withdrawal.
- 54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

- 55.1 Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which:
- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - (d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 55.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 55.4 Unless a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

56. Delivery of Proxy Notices

- 56.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- 56.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 56.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 56.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

57. Amendments to Resolutions

- 57.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- (a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 57.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

58. Policy and Practice

- 58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:
- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
 - (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
 - (c) it shall apply the policy and practice set out in the Policy Documents, and

(d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:

(a) that it shall not make any unreasonable enquiries of the Board or Company;

(b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;

(c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and

(d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.

60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.

60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.

60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.

60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.

60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 61.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 61.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

- 64.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

65. Whistleblowing

- 65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:

- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary or an associated company,
- (b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that Director or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.

66.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

66.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a "relevant Director" means any Director or former Director of the Company or an associated company, and

(c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a "relevant Director" means any Director or former Director of the Company or an associated company,

(c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and

(d) "relevant loss" means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their duties or powers in relation to the Company, any associated company, or any pension fund or employees' share scheme of the Company or associated company.

OTHER

68. Subsidiaries

- 68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.
- 68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company's approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary's compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.
- 68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company's Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

- 69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.
- 69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority's interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES

- a. Any variation of the Articles of the Company or Group;

2. SHAREHOLDING

- a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- b. Permitting the registration of any person as a member of the Company or Group;
- c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
- d. Making or paying any dividend or distribution;
- e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
- f. Amalgamating or merging with any other Company or business undertaking;
- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.
- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;
- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;
- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;

- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;
 - iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
- c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;

Xx July 2022 (full date will be inserted when actually filed)

**ARTICLES OF ASSOCIATION of
ADVANCE NORTHUMBERLAND (COMMERCIAL) LIMITED**

COMPANY REGISTRATION NUMBER 03556450
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 27th April 1998

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PART 1 PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

"Articles" means the Company's Articles of association;

"Associated Company" means the Holding Company and a company (other than a Subsidiary) in which the Company or its Holding Company has an interest;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Board" means a meeting of the Directors of the Company in accordance with these Articles;

"Business Plan" means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary or Associated Company) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Controlling Shareholder;

"the Company" means Advance Northumberland (Commercial) Limited a company registered in England with company registration number 03556450 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“Consultant” means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

“Chair” (and “Vice-Chair”) has the meaning given in Article 17;

“chair of the meeting” has the meaning given in Article 49;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

“Conflict” means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

“Controlling Shareholder” means the Council;

“Controlling Shareholder Representative” means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Holding Company;

“Council” means Northumberland County Council

‘council Director’ means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

“Director” means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

“distribution recipient” has the meaning given in Article 38;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Financial Threshold” means the amount in pounds sterling as notified in writing to the Company or Holding Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

“Financial Year” means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

“FRC” means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

“Group” means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a

holding Company of that Company; and each Company in a Group is a member of the Group.

“Holding Company” means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“holding Company” and “subsidiary” means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;

(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;

(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;

(e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

(f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;

(g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

"instrument" means a document in hard copy form;

"Member Director" means a Director of the Company who is also an elected member of the Controlling Shareholder;

"Non-Member Director" means a Director of the Company who is not an elected member of the Controlling Shareholder;

"Officer Director" means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a Directors' meeting, has the meaning given in Article 15;

"proxy notice" has the meaning given in Article 55;

"Relevant Agreements" means any shareholder agreement entered into between the Holding Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Holding Company, or any agreement specifically named as such;

"Reserved Matters" means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the Company;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - 1.5.1. any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2
DIRECTORS
DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Shareholders' reserve power

- 6.1 The Holding Company may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

9.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

9.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

10. Specific Committees

10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

(i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and

(ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

(i) carry out an appropriate role or functions of such a committee for the Company;

(ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

10.2 These committees shall:

(a) have a quorum of at least three Directors,

(b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder or the Holding Company, across and within the Group namely ;

(a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Holding Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively

12.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with this Article 12.

12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.

12.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

12.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

13. Unanimous decisions

13.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

13.2 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

13.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

14. Calling a Directors' Meeting

14.1 Any Director or the Controlling Shareholder Representative may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the Company secretary (if any) to give such notice.

- 14.2 Notice of any Directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. Participation in Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the Articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.

17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.

17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.

18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

19.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19.2 But a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:

(a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;

(b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 19.3

19.3 For the purposes of this Article, the following are Permitted Causes:

(a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;

- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.
- (d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.
- (e) In this Article 19, a “relevant Company” means:
 - (i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and
 - (iii) which for the avoidance of doubt includes an Associated Company.

19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.

19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

19.6 Any authorisation under this Article 19.4 will be effective only if:

- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.

19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.

19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.

19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.

19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.

19.12 Subject to 19.13, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.

19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

21.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

22.1. The minimum number of Directors shall be three (3).

22.2. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.

22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

- 22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.
- 22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.
- 22.6 No other Directors shall be appointed other than as permitted by the Articles.
- 22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

- 23.1 A person ceases to be a Director as soon as:
- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
 - (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
 - (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.
- 23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.
- 23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.
- 23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

- 24.1. Directors may undertake any services for the Company that the Directors decide.
- 24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:

- (a) for their services to the Company as Directors, and
- (b) for any other service which they undertake for the Company.

24.3. Subject to the Articles, a Director's remuneration may:

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.

24.5 Directors are accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify—
(a) in respect of how many shares, of what class, it is issued;
(b) the nominal value of those shares;
(c) that the shares are fully paid; and
(d) any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must—
(a) have affixed to them the Company's common seal, or
(b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

31.1 If a certificate issued in respect of a shareholder's shares is:
(a) damaged or defaced, or
(b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:
(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
(b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The Company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

- 33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
- (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

- 41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

42. Waiver of Distributions

- 42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

(a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

43.2 Capitalised sums must be applied:

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to the Articles the Directors may:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

44. Members

44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she

represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.

46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.

46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.

46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

47.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

47.2 A person is able to exercise the right to vote at a general meeting when—
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

47.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

47.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

47.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

48. Quorum for General Meetings

48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.

49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.

49.3 The person chairing a meeting in accordance with this Article is referred to as “the chair of the meeting”.

50. Attendance and Speaking by Directors and Non-Shareholders

50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.

50.2 The chair of the meeting may permit other persons who are not:
(a) shareholders of the Company, or
(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

51. Adjournment

51.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

51.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—
(a) the meeting consents to an adjournment, or
(b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

51.4 When adjourning a general meeting, the chair of the meeting must—
(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

51.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days’ notice of it (that is,

excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
- (b) containing the same information which such notice is required to contain.

51.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

52. Voting: General

52.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

53. Errors and Disputes

53.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

54.1 A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

54.2 A poll may be demanded by:

- (a) the chair of the meeting;
- (b) the Directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

54.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the chair of the meeting consents to the withdrawal.

54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

55.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
(d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

55.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

55.4 Unless a proxy notice indicates otherwise, it must be treated as:
(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

56. Delivery of Proxy Notices

56.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

56.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

56.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

56.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

57. Amendments to Resolutions

57.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
(a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
(b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
(a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

57.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

58. Policy and Practice

58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:

- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
- (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
- (c) it shall apply the policy and practice set out in the Policy Documents, and
- (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:

- (a) that it shall not make any unreasonable enquiries of the Board or Company;
- (b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;
- (c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and
- (d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.

- 60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.
- 60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.
- 60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 61.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 61.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other

person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

64.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

65. Whistleblowing

65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:

- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary or an associated company,
- (b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that Director or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.

66.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

66.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a "relevant Director" means any Director or former Director of the Company or an associated company, and

(c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a “relevant Director” means any Director or former Director of the Company or an associated company,

(c) “other officer” means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and

(d) “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their duties or powers in relation to the Company, any associated company, or any pension fund or employees’ share scheme of the Company or associated company.

OTHER

68. Subsidiaries

68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.

68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company’s approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary’s compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.

68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company’s Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.

69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority’s interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES

- a. Any variation of the Articles of the Company or Group;

2. SHAREHOLDING

- a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- b. Permitting the registration of any person as a member of the Company or Group;
- c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
- d. Making or paying any dividend or distribution;
- e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
- f. Amalgamating or merging with any other Company or business undertaking;
- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected

with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;
- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;

- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;

- iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
 - c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;

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Xx July 2022 (full date will be inserted when actually filed)

**ARTICLES OF ASSOCIATION of
ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED**

COMPANY REGISTRATION NUMBER 07497567
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 19th January 2011

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PART 1 PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

"Articles" means the Company's Articles of association;

"Associated Company" means the Holding Company and a company (other than a Subsidiary) in which the Company or its Holding Company has an interest;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Board" means a meeting of the Directors of the Company in accordance with these Articles;

"Business Plan" means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary or Associated Company) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Controlling Shareholder;

"the Company" means Advance Northumberland (Developments) Limited a company registered in England with company registration number 07497567 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“Consultant” means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

“Chair” (and “Vice-Chair”) has the meaning given in Article 17;

“chair of the meeting” has the meaning given in Article 49;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

“Conflict” means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

“Controlling Shareholder” means the Council;

“Controlling Shareholder Representative” means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Holding Company;

“Council” means Northumberland County Council

‘council Director’ means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

“Director” means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

“distribution recipient” has the meaning given in Article 38;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Financial Threshold” means the amount in pounds sterling as notified in writing to the Company or Holding Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

“Financial Year” means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

“FRC” means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

“Group” means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a

holding Company of that Company; and each Company in a Group is a member of the Group.

“Holding Company” means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“holding Company” and “subsidiary” means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;

(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;

(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;

(e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

(f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;

(g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

"instrument" means a document in hard copy form;

"Member Director" means a Director of the Company who is also an elected member of the Controlling Shareholder;

"Non-Member Director" means a Director of the Company who is not an elected member of the Controlling Shareholder;

"Officer Director" means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a Directors' meeting, has the meaning given in Article 15;

"proxy notice" has the meaning given in Article 55;

"Relevant Agreements" means any shareholder agreement entered into between the Holding Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Holding Company, or any agreement specifically named as such;

"Reserved Matters" means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the Company;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - 1.5.1. any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2
DIRECTORS
DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Shareholders' reserve power

- 6.1 The Holding Company may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

9.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

9.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

10. Specific Committees

10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

(i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and

(ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

(i) carry out an appropriate role or functions of such a committee for the Company;

(ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

10.2 These committees shall:

(a) have a quorum of at least three Directors,

(b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder or the Holding Company, across and within the Group namely ;

(a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Holding Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively

12.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with this Article 12.

12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.

12.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

12.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

13. Unanimous decisions

13.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

13.2 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

13.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

14. Calling a Directors' Meeting

14.1 Any Director or the Controlling Shareholder Representative may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the Company secretary (if any) to give such notice.

- 14.2 Notice of any Directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. Participation in Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the Articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.

17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.

17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.

18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

19.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19.2 But a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:

(a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;

(b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 19.3

19.3 For the purposes of this Article, the following are Permitted Causes:

(a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;

- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.
- (d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.
- (e) In this Article 19, a “relevant Company” means:
 - (i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and
 - (iii) which for the avoidance of doubt includes an Associated Company.

19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.

19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

19.6 Any authorisation under this Article 19.4 will be effective only if:

- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.

19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.

19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.

19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.

19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.

19.12 Subject to 19.13, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.

19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

21.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

22.1. The minimum number of Directors shall be three (3).

22.2. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.

22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

- 22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.
- 22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.
- 22.6 No other Directors shall be appointed other than as permitted by the Articles.
- 22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

- 23.1 A person ceases to be a Director as soon as:
- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
 - (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
 - (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.
- 23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.
- 23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.
- 23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

- 24.1. Directors may undertake any services for the Company that the Directors decide.
- 24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:

- (a) for their services to the Company as Directors, and
- (b) for any other service which they undertake for the Company.

24.3. Subject to the Articles, a Director's remuneration may:

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.

24.5 Directors are accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify—
(a) in respect of how many shares, of what class, it is issued;
(b) the nominal value of those shares;
(c) that the shares are fully paid; and
(d) any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must—
(a) have affixed to them the Company's common seal, or
(b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

31.1 If a certificate issued in respect of a shareholder's shares is:
(a) damaged or defaced, or
(b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:
(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
(b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The Company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

- 33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
- (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

- 41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

42. Waiver of Distributions

- 42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

(a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

43.2 Capitalised sums must be applied:

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to the Articles the Directors may:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

44. Members

44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she

represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.

46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.

46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.

46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

47.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

47.2 A person is able to exercise the right to vote at a general meeting when—
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

47.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

47.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

47.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

48. Quorum for General Meetings

48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.

49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.

49.3 The person chairing a meeting in accordance with this Article is referred to as “the chair of the meeting”.

50. Attendance and Speaking by Directors and Non-Shareholders

50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.

50.2 The chair of the meeting may permit other persons who are not:
(a) shareholders of the Company, or
(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

51. Adjournment

51.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

51.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—
(a) the meeting consents to an adjournment, or
(b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

51.4 When adjourning a general meeting, the chair of the meeting must—
(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

51.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is,

excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
- (b) containing the same information which such notice is required to contain.

51.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

52. Voting: General

52.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

53. Errors and Disputes

53.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

54.1 A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

54.2 A poll may be demanded by:

- (a) the chair of the meeting;
- (b) the Directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

54.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the chair of the meeting consents to the withdrawal.

54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

55.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
(d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

55.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

55.4 Unless a proxy notice indicates otherwise, it must be treated as:
(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

56. Delivery of Proxy Notices

56.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

56.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

56.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

56.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

57. Amendments to Resolutions

57.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
(a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
(b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
(a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

57.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

58. Policy and Practice

58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:

- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
- (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
- (c) it shall apply the policy and practice set out in the Policy Documents, and
- (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:

- (a) that it shall not make any unreasonable enquiries of the Board or Company;
- (b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;
- (c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and
- (d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.

- 60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.
- 60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.
- 60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 61.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 61.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other

person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

64.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

65. Whistleblowing

65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:

- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary or an associated company,
- (b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that Director or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.

66.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

66.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a "relevant Director" means any Director or former Director of the Company or an associated company, and

(c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a “relevant Director” means any Director or former Director of the Company or an associated company,

(c) “other officer” means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and

(d) “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their duties or powers in relation to the Company, any associated company, or any pension fund or employees’ share scheme of the Company or associated company.

OTHER

68. Subsidiaries

68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.

68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company’s approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary’s compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.

68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company’s Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.

69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority’s interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES

- a. Any variation of the Articles of the Company or Group;

2. SHAREHOLDING

- a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- b. Permitting the registration of any person as a member of the Company or Group;
- c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
- d. Making or paying any dividend or distribution;
- e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
- f. Amalgamating or merging with any other Company or business undertaking;
- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected

with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;
- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;

- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;

- iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
 - c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;

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Xx July 2022 (full date will be inserted when actually filed)

**ARTICLES OF ASSOCIATION of
ADVANCE NORTHUMBERLAND (FINANCIAL) LIMITED**

COMPANY REGISTRATION NUMBER 07498154
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 19th January 2011

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PART 1 PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

"Articles" means the Company's Articles of association;

"Associated Company" means the Holding Company and a company (other than a Subsidiary) in which the Company or its Holding Company has an interest;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Board" means a meeting of the Directors of the Company in accordance with these Articles;

"Business Plan" means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary or Associated Company) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Controlling Shareholder;

"the Company" means Advance Northumberland (Financial) Limited a company registered in England with company registration number 07498154 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“Consultant” means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

“Chair” (and “Vice-Chair”) has the meaning given in Article 17;

“chair of the meeting” has the meaning given in Article 49;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

“Conflict” means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

“Controlling Shareholder” means the Council;

“Controlling Shareholder Representative” means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Holding Company;

“Council” means Northumberland County Council

‘council Director’ means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

“Director” means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

“distribution recipient” has the meaning given in Article 38;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Financial Threshold” means the amount in pounds sterling as notified in writing to the Company or Holding Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

“Financial Year” means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

“FRC” means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

“Group” means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a

holding Company of that Company; and each Company in a Group is a member of the Group.

“Holding Company” means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“holding Company” and “subsidiary” means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;

(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;

(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;

(e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

(f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;

(g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

"instrument" means a document in hard copy form;

"Member Director" means a Director of the Company who is also an elected member of the Controlling Shareholder;

"Non-Member Director" means a Director of the Company who is not an elected member of the Controlling Shareholder;

"Officer Director" means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a Directors' meeting, has the meaning given in Article 15;

"proxy notice" has the meaning given in Article 55;

"Relevant Agreements" means any shareholder agreement entered into between the Holding Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Holding Company, or any agreement specifically named as such;

"Reserved Matters" means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the Company;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - 1.5.1. any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2
DIRECTORS
DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Shareholders' reserve power

- 6.1 The Holding Company may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

9.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

9.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

10. Specific Committees

10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

(i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and

(ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

(i) carry out an appropriate role or functions of such a committee for the Company;

(ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

10.2 These committees shall:

(a) have a quorum of at least three Directors,

(b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder or the Holding Company, across and within the Group namely ;

(a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Holding Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively

12.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with this Article 12.

12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.

12.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

12.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

13. Unanimous decisions

13.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

13.2 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

13.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

14. Calling a Directors' Meeting

14.1 Any Director or the Controlling Shareholder Representative may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the Company secretary (if any) to give such notice.

- 14.2 Notice of any Directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. Participation in Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the Articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.

17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.

17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.

18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

19.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19.2 But a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:

(a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;

(b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 19.3

19.3 For the purposes of this Article, the following are Permitted Causes:

(a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;

- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.
- (d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.
- (e) In this Article 19, a “relevant Company” means:
 - (i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and
 - (iii) which for the avoidance of doubt includes an Associated Company.

19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.

19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

19.6 Any authorisation under this Article 19.4 will be effective only if:

- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.

19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.

19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.

19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.

19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.

19.12 Subject to 19.13, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.

19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

21.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

22.1. The minimum number of Directors shall be three (3).

22.2. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.

22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

- 22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.
- 22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.
- 22.6 No other Directors shall be appointed other than as permitted by the Articles.
- 22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

- 23.1 A person ceases to be a Director as soon as:
- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
 - (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
 - (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.
- 23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.
- 23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.
- 23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

- 24.1. Directors may undertake any services for the Company that the Directors decide.
- 24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:

- (a) for their services to the Company as Directors, and
- (b) for any other service which they undertake for the Company.

24.3. Subject to the Articles, a Director's remuneration may:

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.

24.5 Directors are accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify—
(a) in respect of how many shares, of what class, it is issued;
(b) the nominal value of those shares;
(c) that the shares are fully paid; and
(d) any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must—
(a) have affixed to them the Company's common seal, or
(b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

31.1 If a certificate issued in respect of a shareholder's shares is:
(a) damaged or defaced, or
(b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:
(a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
(b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The Company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

- 33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
- (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

- 41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

42. Waiver of Distributions

- 42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

(a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

43.2 Capitalised sums must be applied:

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to the Articles the Directors may:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

44. Members

44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she

represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.

46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.

46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.

46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

47.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

47.2 A person is able to exercise the right to vote at a general meeting when—
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

47.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

47.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

47.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

48. Quorum for General Meetings

48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.

49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.

49.3 The person chairing a meeting in accordance with this Article is referred to as “the chair of the meeting”.

50. Attendance and Speaking by Directors and Non-Shareholders

50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.

50.2 The chair of the meeting may permit other persons who are not:
(a) shareholders of the Company, or
(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

51. Adjournment

51.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

51.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—
(a) the meeting consents to an adjournment, or
(b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

51.4 When adjourning a general meeting, the chair of the meeting must—
(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

51.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days’ notice of it (that is,

excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
- (b) containing the same information which such notice is required to contain.

51.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

52. Voting: General

52.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

53. Errors and Disputes

53.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

54.1 A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

54.2 A poll may be demanded by:

- (a) the chair of the meeting;
- (b) the Directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

54.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the chair of the meeting consents to the withdrawal.

54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

55.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
(d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

55.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

55.4 Unless a proxy notice indicates otherwise, it must be treated as:
(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

56. Delivery of Proxy Notices

56.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

56.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

56.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

56.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

57. Amendments to Resolutions

57.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
(a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
(b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
(a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

57.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

58. Policy and Practice

58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:

- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
- (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
- (c) it shall apply the policy and practice set out in the Policy Documents, and
- (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:

- (a) that it shall not make any unreasonable enquiries of the Board or Company;
- (b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;
- (c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and
- (d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.

- 60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.
- 60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.
- 60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 61.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 61.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other

person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

64.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

65. Whistleblowing

65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:

- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary or an associated company,
- (b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that Director or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.

66.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

66.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a "relevant Director" means any Director or former Director of the Company or an associated company, and

(c) "other officer" means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a “relevant Director” means any Director or former Director of the Company or an associated company,

(c) “other officer” means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and

(d) “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their duties or powers in relation to the Company, any associated company, or any pension fund or employees’ share scheme of the Company or associated company.

OTHER

68. Subsidiaries

68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.

68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company’s approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary’s compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.

68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company’s Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.

69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority’s interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES

- a. Any variation of the Articles of the Company or Group;

2. SHAREHOLDING

- a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
- b. Permitting the registration of any person as a member of the Company or Group;
- c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
- d. Making or paying any dividend or distribution;
- e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
- f. Amalgamating or merging with any other Company or business undertaking;
- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected

with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.

- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;
- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;

- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;

- iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
- c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;

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Xx July 2022 (full date will be inserted when actually filed)

**ARTICLES OF ASSOCIATION of
ADVANCE NORTHUMBERLAND (HOUSING) LIMITED**

COMPANY REGISTRATION NUMBER 02042296
A PRIVATE COMPANY LIMITED BY SHARES
INCORPORATED ON 30th July 1986

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68. Subsidiaries

69. Public Body Considerations

70. Relevant Agreements

Schedule 1 Reserved Matters

PART 1 PRELIMINARY MATTERS

Defined terms

1.1 In the Articles, unless the context requires otherwise—

“Articles” means the Company’s Articles of association;

“Associated Company” means the Holding Company and a company (other than a Subsidiary) in which the Company or its Holding Company has an interest;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“Board” means a meeting of the Directors of the Company in accordance with these Articles;

“Business Plan” means the business plan and budget of the Company (and in appropriate circumstances of any Subsidiary or Associated Company) and including any variations and any subsequent business plan and budget of the Company or variations from time to time, in accordance with the approval and requirements of the Controlling Shareholder;

“the Company” means Advance Northumberland (Housing) Limited a company registered in England with company registration number 02042296 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“Consultant” means a firm or person who offers professional or expert advice on the provision of services by the Company or who undertakes work in the name of the Company but who is not an employee of the Company.

“Chair” (and “Vice-Chair”) has the meaning given in Article 17;

“chair of the meeting” has the meaning given in Article 49;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

“Conflict” means a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

“Controlling Shareholder” means the Council;

“Controlling Shareholder Representative” means an individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as shareholder of the Holding Company;

“Council” means Northumberland County Council

‘council Director’ means a Director of the Company that is also employed as an officer of the Council or is an elected member of the Council

“Director” means a Director of the Company, registered at Companies House and includes any person occupying the position of Director, by whatever name called;

“distribution recipient” has the meaning given in Article 38;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Eligible Director” means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter);

“Financial Threshold” means the amount in pounds sterling as notified in writing to the Company or Holding Company from time to time by the Controlling Shareholder Representative or as agreed in the Business Plan;

“Financial Year” means a financial accounting period of 12 months ending on the municipal financial year 31st March Company's Accounting Reference Date;

“FRC” means the Financial Reporting Council or such other successor body or organisation from time to time carrying out the same or similar functions as the FRC.

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

“Group” means in relation to a Company, that Company, any subsidiary or holding Company from time to time of that Company, and any subsidiary from time to time of a holding Company of that Company; and each Company in a Group is a member of the Group.

“Holding Company” means Advance Northumberland Limited a company registered in England with company registration number 11161983 whose registered address is Reception Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ;

“holding Company” and “subsidiary” means a "holding Company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 (the Act);

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"Insolvency" means any of the following:

(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party;

(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party;

(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;

(e) the deemed inability of a party which is a Company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

(f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;

(g) the ceasing by a party to carry on the whole or a substantial part of its business;

(h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or

- the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

“instrument” means a document in hard copy form;

“Member Director” means a Director of the Company who is also an elected member of the Controlling Shareholder;

“Non-Member Director” means a Director of the Company who is not an elected member of the Controlling Shareholder;

“Officer Director” means a Non-Member Director of the Company who is an employee of the Controlling Shareholder;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a Directors’ meeting, has the meaning given in Article 15;

“proxy notice” has the meaning given in Article 55;

“Relevant Agreements” means any shareholder agreement entered into between the Holding Company and the Controlling Shareholder in which the Controlling Shareholder Representative acts on behalf of the Council in its capacity as shareholder of the Holding Company, or any agreement specifically named as such;

“Reserved Matters” means those matters that are reserved to the Controlling Shareholder under these Articles in connection with the Company and as set out in Schedule 1;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the Company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as those contained in the Companies Act 2006 in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to a numbered Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise in these Articles, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

- 1.5.1. any subordinate legislation made under it, whether before or after the date of adoption of these Articles; and
 - 1.5.2. any amendment or re-enactment, whether before or after the date of adoption of these Articles and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.7. Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.9. A reference to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.

2. Objects

- 2.1 To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. Powers

- 3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).
- 3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. Liability of members

- 4.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

5. Directors' general authority

- 5.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6. Shareholders' reserve power

- 6.1 The Holding Company may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 6.3 Notwithstanding Article 6.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

7. Shareholders' Reserved Matters and the Business Plan

- 7.1 Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company shall not, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within the approved Business Plan.
- 7.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any such request.
- 7.3 The Company shall prepare a Business Plan for each Financial Year for approval by the Controlling Shareholder.

8. Directors may delegate

- 8.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;as they think fit.
- 8.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 8.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

9. Committees Generally

- 9.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 9.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

10. Specific Committees

- 10.1 Subject to Article 8.3 and Article 9, the Directors shall establish:

(a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:

(i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and

(ii) executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy.

(b) an audit committee to:

(i) carry out an appropriate role or functions of such a committee for the Company;

(ii) report as required to the Controlling Shareholder's designated Group Audit Committee.

(c) any other committee requested to be established by the Controlling Shareholder Representative for the Group.

10.2 These committees shall:

(a) have a quorum of at least three Directors,

(b) make recommendations for approval by the board, except for those appointments falling within the Reserved Matters, in which case the committee shall also make recommendations to the Controlling Shareholder.

11. Policies

11.1 The Company shall apply and adopt in its own right and to any of its subsidiaries the following matters, including any initiated by the Controlling Shareholder or the Holding Company, across and within the Group namely ;

(a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,

(b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business,

(c) that no changes are made to any such policies by any subsidiary without the Holding Company's approval, and

(d) in respect of any Associated Company it shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by this Article.

11.2 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide a copy of the latest version to the Controlling Shareholder. The Company shall, in respect of any subsidiary ensure that the subsidiary adopts the same practice and shall approve all such schemes.

12. Directors to take decisions collectively

- 12.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with this Article 12.
- 12.2 A decision of the Directors may take the form of a resolution in writing, where a majority of the Eligible Directors have signed one or more copies of it, or to which a majority of the Eligible Directors have each otherwise indicated agreement in writing.
- 12.3 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- 12.4 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

13. Unanimous decisions

- 13.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 13.2 References in this Article to Eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- 13.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

14. Calling a Directors' Meeting

- 14.1 Any Director or the Controlling Shareholder Representative may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the Company secretary (if any) to give such notice.
- 14.2 Notice of any Directors' meeting must indicate—
(a) its proposed date and time;
(b) where it is to take place; and
(c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.3 Notice of a Directors' meeting must be given to each Director and the Controlling Shareholder Representative but need not be in writing.
- 14.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven (7) days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15. Participation in Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the Articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 15.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any Directors' meeting but shall not have the right to vote on any matter put to the Directors.

16. Quorum for Directors' Meetings

- 16.1. Subject to Article 16.2, the quorum for the transaction of business at a Directors' meeting is any three (3) Eligible Directors or fifty per cent (50%) of the Directors in office (whichever shall be the greater in number) comprising one (1) Member Director and two (2) Non-Member Directors (one of which must be an Officer Director) or where there is only one Director in office for the time being, that Director subject to Article 16.2.
- 16.2. For the avoidance of doubt and notwithstanding Article 22, where there is only one Director in office, the only business which the sole Director may transact is to pass those board resolutions required to appoint a further Director in accordance with Article 22.
- 16.3. For the purpose of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (as defined in Article 19.4), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 16.4 If at any point the meeting is no longer quorate due to the departure of an Eligible Director the meeting shall either be adjourned for up to ten minutes until a quorum is achieved during which period no business shall be transacted or shall be terminated forthwith at the option of the Chair.

17. Chairing of Directors' Meetings

- 17.1. The Controlling Shareholder Representative shall appoint both a Chair and a Vice-Chair from the board of Directors to chair the meetings of Directors.
- 17.2. The Controlling Shareholder may terminate the Chair and Vice-Chair's appointment at any time. For the avoidance of doubt, termination in accordance with this Article 17.2 shall not automatically result in the Chair and/or Vice-Chair being removed from their office as a Director of the Company.
- 17.3. If neither the Chair nor the Vice-Chair is participating in a Director's meeting within ten (10) minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair the meeting. For the avoidance of doubt, such appointment shall be for the term of the current meeting only.

18. Casting Vote

- 18.1 If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.
- 18.2 But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

19. Conflicts of interest

- 19.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- 19.2 But a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:
- (a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;
 - (b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 19.3
- 19.3 For the purposes of this Article, the following are Permitted Causes:
- (a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;
 - (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.
 - (d) a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Shareholder or a relevant Company.
 - (e) In this Article 19, a "relevant Company" means:
 - (i) the Company; the holding Company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding Company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and
 - (iii) which for the avoidance of doubt includes an Associated Company.
- 19.4 Subject to Article 19.5, the Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.

- 19.5 Directors may not without the prior consent of the Controlling Shareholder as a Reserved Matter authorise any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.
- 19.6 Any authorisation under this Article 19.4 will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 19.7 Any authorisation of a Conflict under this Article 19 may (whether at the time of giving the authorisation or subsequently) impose on the Interested Director such conditions or limitations, or be granted subject to such terms, as the Directors may think fit for the purposes of dealing with the Conflict and the Interested Director will be obliged to conduct himself in accordance with any such terms and conditions.
- 19.8 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, before such revocation or variation, in accordance with the terms of such authorisation.
- 19.9 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested in, any member of the Group and no further authorisation under Article 19 shall be necessary in respect of any such interest.
- 19.10A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit that he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles, by the Company or by these Articles (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be voided on such grounds.
- 19.11 For the purposes of this Article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.
- 19.12 Subject to 19.13, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 19.13 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 19.14 The question of whether a Director shall physically leave a meeting shall be referred to the Chair whose ruling in relation to any Director is to be final and conclusive.

20. Records of Decisions to be Kept

20.1 The Directors must ensure that the Company keeps a record, in writing, for 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

21. Directors' Discretion to Make Further Rules

21.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

21.2 Notwithstanding any other provision of the Articles, the Controlling Shareholder Representative shall be entitled to propose a resolution of the Company.

APPOINTMENT OF DIRECTORS

22. Methods of Appointing Directors

22.1. The minimum number of Directors shall be three (3).

22.2. Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director following a nomination by the Directors and/or the Controlling Shareholder approved by Ordinary Resolution.

22.3 The appointment of Directors takes effect on the date on which the notice of the Ordinary Resolution is received by the Company or, if a later date is given in the notice, on that date.

22.4 Upon receipt of the notice of the appointment of a Director to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Director as a Director of all subsidiary companies.

22.5 The Directors may appoint a person temporarily either to make up the number of Directors to be sufficiently quorate for a Directors' meeting or to fill a vacancy that has unexpectedly arisen where this is reasonably required for the proper running and management of the Company. Such Directors shall hold office only until a notice of appointment or such other determination has been received from the Controlling Shareholder.

22.6 No other Directors shall be appointed other than as permitted by the Articles.

22.7 Subject to prior consent of the Controlling Shareholder as a Reserved Matter, the Directors may enter into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.

23. Termination of Director's Appointment

23.1 A person ceases to be a Director as soon as:

- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
- (b) a bankruptcy order is made against that person;

- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) he/she in the circumstances of being an elected member or officer of the Council appointed as a Director ceases to be an elected member or officer of the Council who appointed him/her unless notified otherwise by the Shareholder.

- 23.2 Notwithstanding the provisions of Article 23.1, the Controlling Shareholder may at any time and from time to time by notice in writing to the Company remove from office any Director.
- 23.3 Subject to consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of any Director.
- 23.4 A person who ceases to be a Director of the Company immediately ceases to be a Director of all subsidiary companies.

24. Directors' Remuneration

- 24.1. Directors may undertake any services for the Company that the Directors decide.
- 24.2. Directors are entitled to such remuneration as the Controlling Shareholder determines:
 - (a) for their services to the Company as Directors, and
 - (b) for any other service which they undertake for the Company.
- 24.3. Subject to the Articles, a Director's remuneration may:
 - (a) take any form, and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.
- 24.4. Unless the Controlling Shareholder decides otherwise, Directors' remuneration accrues from day to day.
- 24.5 Directors are accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.
- 24.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

25. Directors' Expenses

- 25.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:
 - (a) meetings of Directors or committees of Directors,
 - (b) general meetings, or

- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or
- (d) other meetings, events or conferences or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

PART 3
SHARES AND DISTRIBUTIONS
SHARES

26. All Shares to be Fully Paid Up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

27. Powers to Issue Shares

27.1 The Directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the Directors under section 550 of the Act are limited accordingly.

28. Purchase of Own Shares

28.1 Subject to the Companies Act 2006 but without prejudice to any other provisions of these Articles, the Company may purchase its own shares including (without limitation) with cash up to any amount in a financial year not exceeding the thresholds set out in that Act.

29. Company not Bound by Less Than Absolute Interests

29.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30. Share Certificates

30.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must—

- (a) have affixed to them the Company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

31. Replacement share certificates

31.1 If a certificate issued in respect of a shareholder's shares is:

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

32. Share Transfers

32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

32.3 The Company may retain any instrument of transfer which is registered.

32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

32.5 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33. Transmission of Shares

33.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.

33.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:

- (a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and
- (b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

33.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by

reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34. Exercise of Transmittees' Rights

- 34.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 34.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 34.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

35. Transmittees Bound by Prior Notices

- 35.1 If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

36. Procedure for Declaring Dividends

- 36.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 36.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount subject to Article 37. Such a dividend must not exceed the amount recommended by the Directors.
- 36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 36.4 Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 36.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 36.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 36.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37. Dividend Policy

- 37.1 The Company will produce a dividend policy to be approved by the Controlling Shareholder and the Directors will only recommend a dividend in accordance with the Dividend Policy.
- 37.2 The Company shall obtain the Controlling Shareholder's approval to the dividend policy for any of its subsidiaries (if any).

38. Payment of dividends and other distributions

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide; or
 - (d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- 38.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39. No Interest on Distributions

- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the Controlling Shareholder and the Company.

40. Unclaimed Distributions

- 40.1 All dividends or other sums which are:
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

41. Non-cash Distributions

- 41.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- 41.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

42. Waiver of Distributions

- 42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,
- the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

43. Authority to Capitalise and Appropriation of Capitalised Sums

- 43.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:
- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- 43.2 Capitalised sums must be applied:
- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.
- 43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

- 43.5 Subject to the Articles the Directors may:
- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
 - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
 - (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

PART 4

DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS

44. Members

- 44.1 Any member that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its senior officers being the Chief Executive, S.151 Officer, Monitoring Officer or any such deputy officers. The person so authorised shall be the Controlling Shareholder Representative and shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the member which he/she represents as the member could exercise if it were an individual member of the Company and such member shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

45. General Meetings

- 45.1 The Company shall not be obliged to hold general meetings.

46. Notice of General Meetings

- 46.1 General meetings shall be called by at least fourteen clear days' notice to the Controlling Shareholder but a general meeting may be called by shorter notice if it is agreed by all the members entitled to attend and vote.
- 46.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted or as otherwise required by the Controlling Shareholder.
- 46.3 Subject to the provisions of the Articles and to any restrictions imposed on shares the notice shall be given to all the members and to the Directors and Auditors.
- 46.4 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

47. Attendance and Speaking at General Meetings

- 47.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

- 47.2 A person is able to exercise the right to vote at a general meeting when—
(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 47.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 47.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 47.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

48. Quorum for General Meetings

- 48.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 48.2 Where the Company has only one shareholder for the time being, one qualifying person (as defined in section 318 of the Act) being a duly authorised representative or proxies for the Controlling Shareholder present at the meeting shall be a quorum.

49. Chairing general meetings

- 49.1 The Chair appointed in accordance with Article 17 shall chair general meetings if present and willing to do so. If the Chair is unable to chair the meeting the Vice-Chair shall take his place.
- 49.2 If the Shareholder has not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start then the meeting must appoint a Director or the Controlling Shareholder Representative to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.
- 49.3 The person chairing a meeting in accordance with this Article is referred to as "the chair of the meeting".

50. Attendance and Speaking by Directors and Non-Shareholders

- 50.1 Directors and representatives of the Council may attend and speak at general meetings, whether or not they are shareholders.
- 50.2 The chair of the meeting may permit other persons who are not:
(a) shareholders of the Company, or
(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
to attend and speak at a general meeting.

51. Adjournment

- 51.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.
- 51.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—
- (a) the meeting consents to an adjournment, or
 - (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 51.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 51.4 When adjourning a general meeting, the chair of the meeting must—
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 51.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- 51.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

52. Voting: General

- 52.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

53. Errors and Disputes

- 53.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 53.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

54. Poll Votes

- 54.1 A poll on a resolution may be demanded—
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 54.2 A poll may be demanded by:

- (a) the chair of the meeting;
- (b) the Directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

- 54.3 A demand for a poll may be withdrawn if:
- (a) the poll has not yet been taken, and
 - (b) the chair of the meeting consents to the withdrawal.

- 54.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

55. Content of Proxy Notices

- 55.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
- (d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

- 55.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

- 55.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

- 55.4 Unless a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

56. Delivery of Proxy Notices

- 56.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

- 56.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

- 56.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

- 56.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

57. Amendments to Resolutions

- 57.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 57.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- (a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 57.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

58. Policy and Practice

- 58.1 The Controlling Shareholder may in the interests of transparency consistency and clarity of its dealings with the Company and the Group publish Policy and Practice documents (Policy Documents) and if it does implement such Policy Documents:
- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year,
 - (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents,
 - (c) it shall apply the policy and practice set out in the Policy Documents, and
 - (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

59. Shareholder Exercise of its Powers Rights and Responsibilities

- 59.1 The Controlling Shareholder agrees to act reasonably in exercising any rights obligations or matters reserved in these Articles or the provisions of any Relevant Agreement or otherwise and in particular the Shareholder agrees as follows:
- (a) that it shall not make any unreasonable enquiries of the Board or Company;
 - (b) other than monthly Shareholder Assurance meetings, to keep the frequency of any enquiries to a minimum;
 - (c) to adhere to and observe the respective roles and functions of the Board and that of the Controlling Shareholder as managing its subsidiary; and

(d) to ensure that the Company's resources are not disproportionately committed in dealing with such requests and enquiries or to the extent that any involvement by the Controlling Shareholder could be construed as assuming any aspect of the role of the Board and/or the Company or that could amount to interference or interruption or a cause to divert attention from the business of the Company.

PART 5

ADMINISTRATIVE ARRANGEMENTS

60. Company Secretary

- 60.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter or resolution.
- 60.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 60.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 60.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the Directors of the Company shall pass such resolutions as are required to appoint the new Company Secretary as Company Secretary of all subsidiary companies.
- 60.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the Directors may terminate the appointment of the Company Secretary.
- 60.6 A person who ceases to be Company Secretary of the Company immediately ceases to be Company Secretary of all subsidiary companies.

61. Means of Communication to be Used

- 61.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 61.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 61.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

62. Company Seals

- 62.1 The Company shall not use a seal.

63. Inspection of Accounts & Other Records

- 63.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to inspect on demand any of the Company's accounting or other records or documents.
- 63.2 Upon written request to the Company the Controlling Shareholder acting through its Controlling Shareholder Representative or one of its senior officers being the Monitoring Officer, S.151 Officer, Head of Internal Audit or such deputy is entitled to copies of any of the Company's accounting or other records or documents to be provided within a reasonable time.
- 63.3 Except as provided by law or authorised by the Directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other person is entitled to inspect any of the Company's accounting or other records or documents.

64. Provision for Employees on Cessation of Business

- 64.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

65. Whistleblowing

- 65.1 The Company shall in the interests of probity adopt a suitably adapted whistleblowing policy as soon as reasonably practicable which can operate and be applied to the individual corporate bodies comprising the group of companies and other associated companies as if they were employees in the same organisation where the Council may be viewed as the ultimate Holding Company.

DIRECTORS' INDEMNITY AND INSURANCE

66. Indemnity

- 66.1 Subject to Article 66.2, a relevant Director or other officer of the Company or an associated Company may be indemnified out of the Company's assets against:
- (a) any liability incurred by that Director or officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company, holding Company, subsidiary or an associated company,
 - (b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
 - (c) any other liability incurred by that Director or officer as an officer of the Company or an associated company acting on behalf or within the scope of the Company.
- 66.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- 66.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a “relevant Director” means any Director or former Director of the Company or an associated company, and

(c) “other officer” means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company.

67. Insurance

67.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or other officer or other person connected and acting within the authority of the Company in respect of any relevant loss.

67.2 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate,

(b) a “relevant Director” means any Director or former Director of the Company or an associated company,

(c) “other officer” means a Company Secretary (if any), any other senior employee, individual acting on behalf of the Company or agent of the Company, and

(d) “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director or other officer in connection with their duties or powers in relation to the Company, any associated company, or any pension fund or employees’ share scheme of the Company or associated company.

OTHER

68. Subsidiaries

68.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any Subsidiary without Shareholder approval, where a Subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the Subsidiary between the Company and the Subsidiary in similar terms to these Articles. The Subsidiary Relevant Agreements or Articles as the case may be shall be approved by the Controlling Shareholder.

68.2 The Company shall require each Subsidiary (if any) to produce a Business Plan as specified by the Controlling Shareholder for the Company’s approval. The Company shall put in place arrangements to enable it to monitor the Subsidiary’s compliance with its Business Plan in similar terms to those required of the Shareholder from the Company.

68.4 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that Company’s Articles and governance arrangements are consistent with these Articles as appropriate.

69. Public Body Considerations

- 69.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.
- 69.2 In particular, without limiting the generality of the foregoing, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority's interest in companies.

70. Relevant Agreements

- 70.1 In addition to the provisions of these Articles, the Directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.
- 70.2 The Controlling Shareholder shall procure that every Director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Controlling Shareholder.

SCHEDULE 1

RESERVED MATTERS

Notwithstanding any provisions set out in these Articles, the Directors shall procure that the Company nor Group shall not, without the prior written approval of the Controlling Shareholder, carry out any of the following Reserved Matters unless they have been approved in advance by the Controlling Shareholder under the Business Plan:-

1. ARTICLES
 - a. Any variation of the Articles of the Company or Group;
2. SHAREHOLDING
 - a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;
 - b. Permitting the registration of any person as a member of the Company or Group;
 - c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;
 - d. Making or paying any dividend or distribution;
 - e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;
 - f. Amalgamating or merging with any other Company or business undertaking;

- g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);

3. GOVERNANCE

- a. Alterations to the name or registered office of the Company;
- b. Changing the financial year-end;
- c. The appointment or replacement of Auditors;
- d. Altering the mandate (ie authorised signatories) with the Bank;
- e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.
- f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;
- g. Implementation or variation of any treasury policies, including foreign currency exposure;
- h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;
- i. Approval of a subsidiary Relevant Agreement;

4. BUSINESS AREA

- a. Changing the nature of the Company's business;
- b. Extension of the Company's or Group business into major business or geographic areas;
- c. Any decision to cease to operate all or any material part of the Company's or Group business;

5. BUSINESS OPERATIONS & PLANS

- a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;
- b. Approval or amendment of the Business Plan of the Company or Group in any financial year;
- c. Approval or amendment of the Procurement Policy & Procedure / Protocol;
- d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;
- e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;
- f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;
- g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;
- h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;
- i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;

6. FINANCE

- a. The entry into loan facilities, debt financing, sale and lease financing arrangements;

- b. The establishment of credit limits for the placing of deposits with individual financial institutions;
- c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;

7. SECURITY

- a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;
- b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;
- c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;
- d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);

8. APPOINTMENTS & REMOVALS

- a. Material changes to the management and control structure of the Company or Group;
- b. Appointment and dismissal of Board Directors (including non-executive Directors) of the Company;
- c. Appointment and dismissal of the Company Secretary;
- d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- e. Approving the recruitment and remuneration of Consultants;

9. REMUNERATION & BENEFITS

- a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.
- b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
- c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;
- d. Approving pay structures, associated increases and cost of living pay awards;
- e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;
- g. Approving increases to pension contributions made by the Company;
- h. Approving any provisions for employees upon the cessation of the Company or Group;

10. LEGAL

- a. Instituting any legal proceedings, other than:
 - i. debt recovery proceedings in the ordinary course of business
 - ii. possession proceedings in the ordinary course of business.
- b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution in any dispute involving the Company, other than:
 - i. debt recovery proceedings in the ordinary course of business;
 - ii. possession proceedings in the ordinary course of business;
 - iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;
 - iv. commercial claims below the Financial Threshold
- c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;

Financial Delegation Policy and Practice Document for Reserved Matters under the Articles of the Company.

V1. Dated: July 2022

Interpretation

1. The Articles of Association of Advance Northumberland Ltd and its subsidiaries (each being “the Company” as the case may be) dated July 2022 (“the Articles”) reserve certain matters for prior approval to the Shareholder pursuant to Article 7(1) and as set out in Schedule 1 of the Articles as “Reserved Matters” unless such matter is already included within an approved Business Plan.
2. In order to assist the administration of the Company and minimise the need for administrative matters Northumberland County Council (“the Shareholder”) has issued this Financial Delegation Policy and Practice Document for Reserved Matters under the Articles of the Company and to confirm the levels of authority that the Shareholder agrees are appropriate to be delegated within the Company (“Financial Delegation Policy”).
3. This is a Relevant Agreement under the Articles.
4. All Reserved Matters require the prior approval of the Shareholder which shall be dealt with under the Request and Response Process set out below.
5. Reference is made in the Articles and in this document to a “Financial Threshold”. The “Financial Threshold” is intended to reflect a level of financial transaction for the Company below which the Shareholder would consider to be usual in the course of business and would not require prior specific consent based on financial level of transaction alone.
6. The Shareholder - by way of written notice given to the Company by any of the Controlling Shareholder Representative, the s151 Officer of the Council or Monitoring Officer - may set a Financial Threshold or varying Financial Thresholds for specific matters which may be varied or revoked at any time upon written notice.
7. The initial Financial Threshold shall be £250,000.

8. In the event of there being any question surrounding the need for prior consent of the Shareholder, then the Chief Operating Officer or any Board Director of the Company shall make a written request by email or letter for a determination, acting at all times reasonably and using their professional judgement as to the materiality or potential materiality of the matter, to the s151 Officer of the Council, or in their absence the Monitoring Officer, who shall respond in accordance with the Request and Response Process set out below and whose decision on the matter shall be final.
9. Unless and until a Business Plan is approved by the Shareholder that covers specific items for approval, the following levels of general authority and delegation shall be granted to the Company's Board and senior Officers and are approved by the Shareholder as set out below.
10. There are two sections set out below. Section A lists more usual operational matters which may include delegated authority to Company staff as well as matters that require Board and Shareholder Reserved Matter approval. Section B lists all of the Reserved Matters as they appear in the Schedule 1 of the Articles and which must have both Board and Shareholder approval prior to execution.
11. The entries denoted by a tick ✓ in the tables below indicate the level of authority required for approval and / or execution by the Company of the relevant transaction or item.
12. Entries denoted by an asterisk * in the tables below indicate that prior approval of Northumberland County Council as Shareholder is required as a "Reserved Matter" under the Articles but **is deemed by this Financial Delegation Policy to have received prior consent if the transaction or directly connected series of transactions is below the Financial Threshold**. If such transaction or directly connected series of transactions is equal to or greater than the Financial Threshold then prior Shareholder approval must be separately requested and can only be effected by the Board, once specific consent has been given by the Shareholder.

Request and Response Process - for seeking and granting specific prior approval of Reserved Matters

13. Where the prior approval of the Shareholder of a Reserved Matter is required, or where a determination as to the need for actual prior consent of the Shareholder is sought then the Chief Operating Officer or any Board Director of the Company shall, by email or letter headed “Reserved Matter Consent” and addressed to the Shareholder Representative and the Council’s s151 Officer:
- a. state the nature of the matter for which prior consent is requested,
 - b. give the reasons for seeking and justifying approval,
 - c. confirm that Board approval has either been given, subject to the Reserved Matter consent, or is being sought simultaneously, and
 - d. confirm the level of urgency required, whether:
 - i. Emergency Level,
 - ii. Urgent Level or
 - iii. Standard Level.
14. The Shareholder shall respond as follows:
- a. For Emergency Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 1. approve the request,
 2. decline the request or

3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.
- b. For Urgent Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within five working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within two working days and either:
 1. approve the request,
 2. decline the request or
 3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.
- c. For Standard Level Requests, the Shareholder Representative or the s151 Officer of the Council shall respond within ten working days and either:
 - i. approve the request,
 - ii. decline the request or
 - iii. ask for any further details from the Chief Operating Officer of the Company, following the receipt of which from the Company, the Shareholder Representative or the s151 Officer of the Council shall respond within five working days and either:
 1. approve the request,
 2. decline the request or

3. invite the Directors of the Company to convene a General Meeting of the Company to discuss the matter.

15. Whilst the response of any of the Shareholder Representative or the s151 Officer of the Council shall be valid, the intention shall be for the decision and response to be taken and given in the following order wherever possible:

- a. by the Shareholder Representative following consultation with the s151 Officer of the Council if available;
- b. if the Shareholder Representative is unavailable for whatever reason then the decision and response shall be taken and given by the s151 Officer following consultation with the Monitoring Officer or one other Executive Director of the Council if available.

16. The authority and delegations approved by the Shareholder under this Financial Delegation Policy may be amended or terminated at any time upon immediate notice given by any written means to the Directors and senior Officers of the Company by the Shareholder Representative, s151 Officer of the Council or the Monitoring Officer.

17. To facilitate use, the relevant clause number from Schedule 1 of the Articles is stated beside each of the Operational Matters listed in Section A that require Reserved Matter approval. However, in the event of any apparent conflict Section B shall apply and take precedence at all times, and if specific clarification is needed, please refer to Paragraph 8 above.

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
A – Operational Matters								
1) Policies and plans								
Approval & amendment of all Company financial policies (e.g. Standing Financial Instructions, Procurement Policy, Schedule of Delegation, Debt Recovery Policy etc.)	✓ _{5, 6}	✓						
Approval of non-financial policies		✓						
Approval & amendment of the Corporate/Annual Business Plan and Budget for the year.	✓ ₅	✓						
Approval & amendment of Medium-Term Financial Plan	✓ ₅	✓						
Sign off and allocation of individual budgets and adjustments for the financial year across the Group			✓	✓	✓			
Overall change in the Medium-Term Financial Plan	✓ ₅	✓						
2) New projects and project development costs								
Approval of PIDS between Shareholder and Advance Northumberland Group Company		✓	✓	✓				

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Approval of new projects that involve the use of Advance Northumberland's equity, borrowing (including external grant applications if the grant is >£250,000) and/or the acquisition of assets	✓* ₅	✓						
Approval of any other projects that do not fall into the above category and/or pre-development expenditure. <i>(Note if there is any potential reputational risk to the organisation these must also be approved by Board and Shareholder Representative).</i>			✓	✓				
Approval for "at risk" project initiation and development costs, subject to a limit of £10,000 per project and subject to a maximum of 5 projects ongoing at any one time across the Group.	✓* ₅		Executive Director / Managing Director & Chair together					
3) Signing of documents								
Signing of Grant Funding Agreements where Advance Northumberland are the grant giving body	✓* _{5,7}	✓	✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Signing and execution of all contracts, leases, authorisation for sale and legal documents as approved by Board or under this Financial Delegation Policy.		Can only be signed by Board Director or Officer under valid Power of Attorney: can be counter-signed by Company Secretary						
Exception of the above: Signing of Housing Tenancy Agreements but only within the normal range of rental value			✓	✓	✓	Head of Estates or Director of Development only	Homes Manager only	
Exception of the above: Signing of market rate Occupational Lease, Tenancy or Licence not exceeding 3 years and maximum annual rent of £10,000 and only within the normal range of rental value			✓	✓	✓	Head of Estates or Director of Development only	Commercial/Homes Manager only	Workspace Manager (limited to £3,000 pa rent)
4) HR Matters								
Appointment of a Board Director, Managing Director, Chief Operating Officer, Chief Finance Officer or Company Secretary	✓ ₈	✓						
Carry out the appointment of new employees of the Company (except the above) within the agreed budget limits and the Company policies and procedures.			✓	✓	✓	✓		✓

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Carry out disciplinary or suspension proceedings of Board Director, Managing Director, Chief Finance Officer, Chief Operating Officer or Company Secretary and other employee matters in accordance with employee terms of contract and Company policies and procedures		✓	✓ unless their own	✓ unless their own				
Carry out the dismissal of a Board Director, Managing Director, Chief Operating Officer, Chief Finance Officer or Company Secretary	✓ ₈	✓						
Authorised to sign employment contracts			✓	✓	✓	(HR Manager)		
Authorised to sign employment contracts for employees within their management area and budgetary control			✓	✓	✓	✓		
Approval of career pathway		✓	✓	✓	✓	✓		
Authorise all employee-related expenses to be paid through payroll (e.g. employee's overtime, special allowances, travel expenses, etc.) for any part of the organisation.			✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Authorise all employee-related expenses to be paid through payroll (e.g. employees' overtime, special allowances, travel expenses, etc.) for budgets for which the signatory has responsibility either directly or through line management of the budget holder			✓	✓	✓	✓		✓ Line Manager
Approve pay structures, associated increases and cost of living pay awards	✓ ₉	✓	following recommendation by Remuneration and Nominations Committee					
Approve increases to pension contributions made by the Company	✓ ₉	✓						
Approval for recruitment and renewal of consultants	✓* ₈		✓					
Except from the above: Approval of all other employee related agreements or legally binding contracts	✓* ₉	✓	following recommendation by Remuneration and Nominations Committee					
5) Financial management								
Sign off Final Accounts		✓						
Set up permissions within finance system for the raising and authorisation of payments and other access to the system			✓	✓	✓			

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Authorise and confirmation of Company payroll			✓ up to £500,000	✓ up to £300,000	✓ up to £300,000			
Authorise and confirmation of BACS			✓	✓	✓			
Raising sales invoices and credit notes (up to £5,000) in the Accounts Receivable ledger within QL		Can only be raised by the Finance Team & Property and Tenancy Executive (in relation to garage rents and tenant repairs only).						
Raising credit notes above £5,000 in the Accounts Receivable ledger within QL			✓	✓	✓			
Approve and write off bad debts accruing to the Group	✓* ₆	✓						
Authorise items for disposal in accordance with the disposal policy (based on book value to Advance Northumberland) save for sale of residential property in the ordinary course of business at market value as covered by Section 6	✓* ₅	✓	Up to £100,000	Up to £50,000	Up to £5,000			
Delegation of role as Budget Holder or Senior Manager within cost centres in their area of control		✓	✓	✓	✓	✓		
6) Leases, Tenancies, Sales of Land & Residential Property								

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Approve new or renewed lease / tenancies / licence at market rent and normal terms not exceeding 3 years and maximum annual rent of £10,000			✓	✓	✓	Head of Estates or Director of Development only	Commercial/Homes Manager	Workspace Manager (limited to £3,000 pa rent)
Approve new or renewed lease / tenancies / licence at market rent and normal terms			✓	✓	✓			
Approve payment plans where arrears collected before the end of the lease/tenancy.			✓	✓	✓ can delegate authority for up to £500 arrears per debtor			
Approve sales of residential property in the ordinary course of business at market value and in accordance with project target price			✓	✓				
Approve sales of residential property in the ordinary course of business at market value but below project target price		✓	✓	✓				
Approve sales of investment property or development land	✓* 4, 5	✓						
7) Purchases of goods, services and works								
Approval of Supplier Requests through to payment via QL's Purchase to Pay System								

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Up to £1,000 within cost centres in their area of control			✓	✓	✓	✓	✓	✓
Up to £5,000 within cost centres in their area of control			✓	✓	✓	✓	✓	
Up to £20,000 within cost centres in their area of control			✓	✓	✓	✓		
Up to £100,000 for any cost centre			✓	✓	✓			
Up to £250,000 (with signed approval by the Chair or any two Board Directors)			✓					
Over £250,000 if in the ordinary course of business		✓						
Over £250,000 if not in the ordinary course of business	✓* ₅	✓						
To authorise approval of orders for immediate goods, works or services required to resolve immediate H&S risks (e.g. imminent threat to life or limb) or to authorise the closure a building, office or construction site to resolve immediate H&S risks. Then retrospective approval in line with the above limits.		✓	✓	✓		✓		

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
To authorise approval of invoices relating to the closure of a building, office or construction site other than for immediate H&S risk resolution.	✓* ₅	✓						
Approval of Invoices (where supplier requests are not required e.g. legal requirement such as Council Tax)								
Up to £1,000 within cost centres in their area of control			✓	✓	✓	✓	✓	✓
Up to £5,000 within cost centres in their area of control			✓	✓	✓	✓	✓	
Up to £20,000 within cost centres in their area of control			✓	✓	✓	✓		
Up to £100,000 for any cost centre			✓	✓	✓			
Over £100,000 for any cost centre			✓					
Up to £250,000 (with signed approval by the Chair or any two Directors)			✓					
Over £250,000 if in the ordinary course of business		✓						

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
Over £250,000 if not in the ordinary course of business	✓* ₅	✓						
To authorise approval of orders for immediate goods, works or services required to resolve immediate H&S risks (e.g. imminent threat to life or limb) or to authorise the closure a building, office or construction site to resolve immediate H&S risks. Then retrospective approval in line with the above limits.		✓	✓	✓		✓		
To authorise approval of invoices relating to the closure of a building, office or construction site other than for immediate H&S risk resolution.	✓* ₅	✓						
3) Health & Safety								
Authorise closure of a building, office or construction site other than for immediate H&S risk resolution (e.g. imminent threat to life or limb).	✓* ₅	✓						
Authorise temporary closure of a building, office or construction site or any emergency action to resolve immediate H&S risks (e.g. imminent threat to life or limb).		✓	✓	✓	✓	✓	✓	✓

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
B - All Reserved Matters The following are the fully reproduced Reserved Matters from the Schedule 1 to the Articles of Association and cannot be carried out without the prior written consent of the Controlling Shareholder unless already approved by the current approved Business Plan:								
1) - Articles								
a. Any variation of the Articles of the Company or Group;	✓							
Page 21 (2) - Shareholding								
a. Any variation relating to shares, including the number of and rights attached to shares in the Company or Group;	✓							
b. Permitting the registration of any person as a member of the Company or Group;	✓							
c. Approval of the Dividend Policy (and any changes thereto) of the Company or Group;	✓							
d. Making or paying any dividend or distribution;	✓							
e. Applying for the listing or trading of any shares or debt securities on any stock exchange or market;	✓							

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
g. Forming any subsidiary or acquiring shares in any other Company or participating in any partnership or joint venture (incorporated or not);	✓							
3) – Governance								
a. Alterations to the name or registered office of the Company;	✓							
b. Changing the financial year-end;	✓							
c. The appointment or replacement of Auditors;	✓							
d. Altering the mandate (ie authorised signatories) with the Bank;	✓							
e. Authorisation of any Conflict in accordance with Article 19.4 where the Conflict concerned arises as a result of the Director concerned (or a person connected with him (as defined in section 252 of the Act)) benefitting (monetary or otherwise) from the relevant proposed transaction or arrangement.	✓							

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
f. Passing any resolution for the winding up or presenting any petition for the administration (unless it has become insolvent) of the Company;	✓							
g. Implementation or variation of any treasury policies, including foreign currency exposure;	✓							
h. Entering into any arrangement, contract or transaction which the Directors believe would otherwise be a breach of their duties to the Controlling Shareholder due to a genuinely held concern as to a negative impact on the Shareholder's statutory functions, commercial interests or reputation;	✓							
i. Approval of a subsidiary Relevant Agreement;	✓							
4) – Business Area								
a. Changing the nature of the Company's business;	✓							
b. Extension of the Company's or Group business into major business or geographic areas;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
c. Any decision to cease to operate all or any material part of the Company's or Group business;	✓							
5) – Business Operations & Plans								
a. Approval or amendment of a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and Group;	✓							
b. Approval or amendment of the Business Plan of the Company or Group in any financial year;	✓							
c. Approval or amendment of the Procurement Policy & Procedure / Protocol;	✓							
d. Carry out any procurement exercise and / or contract award that is not in conformity with the Procurement Policy & Procedure / Protocol;	✓							
e. Approval of projects or activities that are neither covered by an approved Business Plan nor by the approved scheme of delegation;	✓							
f. Approval of projects that involve the receipt of grant funding above the Financial Threshold;	✓							

Area of Responsibility	Reserved Matter	Board	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
g. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangement, contracts or transactions;	✓							
h. Entering into contracts which are not in the ordinary course of the business or varying an existing contract to an extent which takes it outside the scope of the ordinary course of business;	✓							
i. Authorising suspension or closure of a building, office or construction site other than for imminent health and safety threat to life or injury;	✓							
6) – Finance								
a. The entry into loan facilities, debt financing, sale and lease financing arrangements;	✓							
b. The establishment of credit limits for the placing of deposits with individual financial institutions;	✓							
c. Writing off bad debts accruing or owed to the Company or Group by any single entity in any Financial year above the Financial Threshold;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
7) – Security								
a. Creating or granting any encumbrance over the whole or any part of the Company's or Group's business, undertaking or assets or over any shares in the Company or agreeing to do so;	✓							
b. Issuing any loan capital in the Company or Group or entering into any commitment with any person with respect to the issue of any loan capital;	✓							
c. The giving of guarantees, indemnities, financial letters of comfort or granting any credit, other than in the normal course of trading and below the Financial Threshold;	✓							
d. Making any external loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business);	✓							
8) – Appointments & Removals								
a. Material changes to the management and control structure of the Company or Group;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
b. Appointment and dismissal of Directors (including non-executive Directors) of the Company;	✓							
c. Appointment and dismissal of the Company Secretary;	✓							
d. Appointment to and dismissal from the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;	✓							
e. Approving the recruitment and remuneration of Consultants ;	✓							
9) – Remuneration & Benefits								
a. Entering into an agreement or arrangement with any Director for his/her employment by the Company or for the provision by him or her of any services outside the scope of the ordinary duties of a Director.	✓							
b. Agreeing the remuneration package (by payment of fees, the provision of benefit-in-kind or otherwise and any changes thereto) of Directors, officers or the senior management positions of Managing Director, Chief Operating Officer or Chief Finance Officer, however titled;	✓							

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
c. Establishing or amending any profit sharing, share option, bonus or other incentive scheme of any nature for Directors, officers or employees;	✓							
d. Approving pay structures, associated increases and cost of living pay awards;	✓							
e. Establishing or amending any pension and other benefit scheme for any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;	✓							
f. Other than in accordance with the approved pension or other benefit scheme, granting differing or bespoke rights to any Director, officer, employee, former Director, officer or employee, or any member of any such person's family;	✓							
g. Approving increases to pension contributions made by the Company;	✓							
h. Approving any provisions for employees upon the cessation of the Company or Group;	✓							
10) – Legal								

Area of Responsibility	Reserved Matter	B o a r d	Executive Director / Managing Director	Chief Operating Officer	Chief Finance Officer	SLT Member	Senior Manager	Budget Holder
a. Instituting any legal proceedings, other than: i. debt recovery proceedings in the ordinary course of business ii. possession proceedings in the ordinary course of business.	✓							
b. Settling or compromising any legal proceedings instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution any dispute involving the Company, other than: i. debt recovery proceedings in the ordinary course of business; ii. possession proceedings in the ordinary course of business; iii. employment claims save for any involving a Director, Managing Director, Chief Operating Officer or Chief Finance Officer, however titled; iv. commercial claims below the Financial Threshold	✓							
c. Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company or Group;	✓							

This Financial Delegation Policy was signed on behalf of the Controlling Shareholder on the day of 2022 by Jan Willis, Interim Controlling Shareholder Representative

Role Profile for Controlling Shareholder Representative

Key Purpose

To protect the interests of the Council as Controlling Shareholder Representative.

To act as a conduit between the Shareholder and the Company.

Expectations

1. To act with honesty and integrity in the delivery of their duties.
2. To actively communicate and collaborate with all required within the wider governance framework.
3. To build and maintain effective and transparent relationships with all parties.
4. To take personal accountability for own actions and decisions.
5. To take personal responsibility for own continuous improvement working collectively with other shareholder representatives where appropriate.
6. To actively work to promote and improve good working relationships between the Council and its companies.
7. To take appropriate action to avoid conflicts of interest arising especially in relation to the shareholder role and any client roles.

Duties

1. To ensure that the arms-length Company has the right level of timely support and challenge (at times supporting and at times challenging) as follows:

- **support** to deliver agreed objectives (decisions, relationships, engagement, strategic steer, access to resources and so on)

- **challenge** to minimise and/or mitigate risks to the Council and our shareholding

2. To balance the nature of challenge and support depending upon:

- Company objectives
- Specific context/timing – e.g. year end, business planning
- Nature of relationship (wholly owned, part owned, influenced) and NCC reserved matters
- Performance – financial and operational
- Risks and opportunities

3. To attend and play an active role at board meetings of the Company.

4. To manage and maintain effective relationships between shareholders and the company, ensuring not to influence Directors or voting outcomes.

5. To gain an understanding of roles and responsibilities across the wider governance framework and the potential for conflicts of interest.
6. To appropriately feedback any concerns of the shareholders to the Company and vice versa.
7. To feedback and pass information and communications between the shareholder and the Company.
8. To report quarterly back to the Cabinet on the performance of the Company.
9. To review board decisions and actions ensuring Directors do not go beyond the remit of their powers and to provide shareholders' consent - or directions by way of written resolution - where required, in consultation with the Leader and / or the Portfolio Holder for Regeneration.
10. To establish and maintain early warning systems to flag issues, risks and any issues of concern as quickly as possible.
11. The Controlling Shareholder Representative will be appointed by the Leader and will not be a Company Director.
12. To provide quarterly reports on the operational and financial performance of the company to Cabinet.

Knowledge, Skills and Experience

- Ability to promote the interests of an organisation and engaging partners/customers in strategic vision and service delivery.
- A good understanding of performance management and developing performance management systems/approaches.
- Good financial and commercial understanding and awareness.
- Strong analytical skills and a creative approach to problem solving.
- Experience of developing and maintaining positive relationships with all relevant stakeholders.
- Experience of handling conflict and managing sensitive issues to achieve positive outcomes.
- Well-developed communication skills – oral and written.



Northumberland

County Council

CABINET

12 JULY 2022

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of Report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 6 June 2022.

2. Recommendations

Cabinet is recommended to:

2.1 Concordia Glass and Roof Replacement:

Approve the replacement of the glass curtain-walling along the front of the Concordia Leisure Centre and renewal of the flat roof area above as both have reached end of life with serious water ingress now occurring into the Leisure Centre. The estimated cost will be £640,000 as detailed in the table below and will be funded through the Leisure Remedial Budget for 2022/23 and 2023/24.

2.2 Blyth Welding & Fabrication Training Centre Additional Funding:

Approve a £300,000 increase in the cost of construction of a welding and fabrication centre to be funded from the Strategic Regeneration Project in 2022/23. This will supplement the previously allocated funding from the Medium Term Financial Plan of £1,082,000 allowing delivery of the centre which will focus upon training school leavers, adults and sector employees

in welding and fabrication disciplines, management of sector related apprenticeships and delivery of professional industry qualifications to support the sector.

2.3 Energising Blyth Programme – Connectivity Projects:

Approve the establishment of the three Energising Blyth Connectivity Projects (Blyth to Bebside Cycle Corridor, Northern Gateway Phase 2; and The Link Bridge Street) as defined projects in the Capital Programme with a combined budget of £12,398,789 and revised funding profile as set out in Annex 1.

3. Links to Corporate Plan

The Council's Capital Programme is consistent with the priorities in the Corporate Plan in particular the 'Living', 'Enjoying' and 'Thriving' priorities.

4. Background

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium Term Plan to specific projects.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP (CSG) VIA EMAIL ON 6 JUNE 2022

5. Concordia Glass and Roof Replacement

5.1 CSG was asked to consider a proposal to replace the glass curtain-walling along the front of the Concordia Leisure Centre and renew the flat roof area above.

Background

5.2 Both the glass curtain-walling and the roof along the front elevation have not been replaced since Concordia was built and have therefore now failed leading to considerable water ingress into the building which was particularly apparent during a number of storms last winter.

5.3 The original design of the front of the building with the glazing finishing flush to the roof and no roof overhang to protect the joints has compounded the problem of water ingress and it is therefore proposed, as part of the remedial works, to extend the roof slightly to form an overhang along the front elevation and therefore create a more weatherproof joint where the glazing meets the underside of the roof.

5.4 A specialist investigation of both the roof and the curtain-walling has confirmed the urgent need for replacement with the roof layers very saturated and the glazing joints failing. Replacement of both will greatly improve the insulation in that part of the building and reduce heat loss.

5.5 There are currently no plans to replace the Concordia Leisure Centre and therefore the Council needs to ensure that the building remains watertight and fully operational.

Estimated Cost of Replacement:

5.6 A detailed cost estimate has been prepared which is summarised below:

Item	£
Curtain walling replacement	245,750
Roof Replacement	169,250
Preliminaries	57,000
Construction and Inflation contingency	99,500
Project Management and Design Fees	68,500
Total Project Cost	640,000

- 5.7 The works will commence later in 2022/23 and are anticipated to run for 12-16 weeks.
- 5.8 A significant contingency has been included in the budget estimates to guard against the current construction market cost pressures and supply issues.

6. **Blyth Welding & Fabrication Training Centre Additional Funding**

- 6.1 CSG were asked to consider a request for additional funding to deliver a welding and fabrication centre in Blyth as a result of the increase in construction market costs since the project was originally approved by Cabinet in July 21.

Key Issues

- 6.2 Northumberland Skills, the post 16 education function within Northumberland County Council, is diversifying and making more relevant the provision delivered by NCC in order to deliver greater socio-economic impact within Northumberland.
- 6.3 One of the early investments is provision of a technical training centre in the Blyth area focused upon training school leavers, adults and sector employees in welding and fabrication disciplines, management of sector related apprenticeships, and delivery of professional industry qualifications to support the sector.
- 6.4 In July 2021 Cabinet approved a budget of £1,082,000 to allow the centre to be developed. However owing to complications with securing the required lease terms, the delayed tendered works have now exceeded the original budget estimate and the project requires an additional £300,000 as a result of construction market inflation to enable it to proceed to site.
- 6.5 The project will deliver a technical vocational training centre in the Port of Blyth industrial area focused upon training school leavers, adults and sector employees in welding and fabrication disciplines, management of sector related apprenticeships and delivery of mandatory professional industry qualifications unique to the sector.
- 6.6 Following a review of the project, it has been concluded that value engineering would yield minimal financial gains, in part driven by the need to meet current stringent fire regulation requirements, yet would constrain the function of the facility leading to further works at a later stage resulting in additional cost. This approach would also require retendering introducing further inflation risk and delay.

- 6.7 The plant and equipment elements of the scheme have been value engineered to a reduced funding envelope of £450,000 which has enabled some funding to be reallocated to the building fabric work.
- 6.8 It is for reasons set out above that Cabinet is requested to approve £300,000 of additional funds be drawn from the Strategic Regeneration Project to supplement the approved funding from the Medium-Term Financial Plan. The project has significant synergies with the Blyth Energy Central Learning Hub which will be adjacent to the Welding & Fabrication Training Centre.
- 6.9 Northumberland Skills have already commenced training with some employers in anticipation of the new centre opening, for example Egger UK LTD (Hexham).

7. Energising Blyth Programme – Connectivity Projects

- 7.1 CSG were asked to consider a request establish the three Energising Blyth Connectivity Projects (Blyth to Bebside Cycle Corridor, Northern Gateway Phase 2; and The Link Bridge Street) as defined projects in the Capital Programme with a combined budget of £12,398,789 and revised funding profile as set out in Annex 1.

Background

- 7.2 The Blyth Town Investment Plan highlights the fact that current road layouts within and around Blyth constrain all movement, especially for public transport users, pedestrians and cyclists. It therefore includes “Connected Town” as one of its four core strategic objectives. On this basis, the subsequent Energising Blyth Programme, funded by a combination of Future High Street Fund (FHFS) and Town Deal funding includes three connectivity projects as outlined below.
- 7.3 ***Project 1 – Blyth to Bebside Cycle Connectivity***
The creation of a dedicated cycling and walking corridor connecting the new train station at Blyth Bebside (a key stop on the new Northumberland line) via the town’s major employment sites, directly into the Town Centre. The project will improve access into, out of, and within Blyth, enabling residents, workers, learners and visitors to move easily between key locations, as well as connecting with the wider region.
- 7.4 ***Project 2 – Northern Gateway Phase 2***
The comprehensive improvement of the footpath/cycletrack/road network and associated public space, together with the introduction of digital signage to enhance access to Blyth Town Centre from the north. This project will create a more attractive and welcoming entrance to the town as

well as connect into to the Blyth Bebside cycle / walking corridor above to link the new station with the town centre.

7.5 Project 3 – ‘The Link’ Bridge Street

The introduction of highway improvements along Bridge Street (the main bus, vehicle and pedestrian route into the town centre from the quayside area) to provide dedicated cycle routes, improved footpaths, and enhanced signage and surfacing. This project will provide a safe alternative route, through to Market Place, for the North Sea Cycle/Coast and Castles cycle route which currently bypass the town centre whilst also providing an important physical link between other Energising Blyth interventions and from the town centre to the quayside.

7.6 These projects will collectively improve connectivity and make it easier for people to access and navigate the town and link other Energising Blyth developments. The resulting increase in modal choice and ease of access will help to grow businesses and contribute to the creation of a vibrant town centre. The investment in green transport will encourage sustainable modes of transport, reducing carbon emissions, delivering clean growth objectives, and improving health and wellbeing. They will also contribute to and align with the objectives of the Blyth Local Cycling and Walking Infrastructure Plan.

Funding

7.7 The table below sets out the current indicative costs and funding source for the three projects based on the FHSF Business Case cost plans and the Town Deal Project Confirmation. All projects are at an early stage of design and Local Assurance with the Strategic Outline Business Cases due for internal appraisal and Programme Board/Town Deal Board approval expected in June 2022.

Energising Blyth – Connectivity Project Costs				
PROJECT	FHSF	Town Deal	NCC	Total
Blyth to Bebside Cycle Connectivity	0	4,748,720	2,120,880	6,869,600
Northern Gateway Phase 2	0	2,100,000	900,000	3,000,000
The Link Bridge Street	1,668,508	0	860,682	2,529,190
Total	1,668,508	6,848,720	3,881,562	12,398,790

7.8 In accordance with the Town Deal Head of Terms and the Local Assurance Framework, the Council is required to submit a Summary Document for each Town Deal funded project to Department of Levelling Up, Housing and Communities (DLUHC) by 4 August 2022. These Summary Documents will

provide the basis upon which DLUHC will decide the Section 31 funding agreement with the Council as accountable body having been derived from detailed Outline Business Cases (OBCs) prepared in accordance with the HM Treasury Green Book.

- 7.9 In order to meet these requirements a significant amount of development work is required to inform the OBC development process ahead of funding confirmation by DLUHC. Some of this work has already commenced and will continue throughout this financial year. It is requested that this work is funded via the Town Deal 5% CDEL Section 31 grant of £1.045m received by the Council in December.
- 7.10 The intention of this grant is to enable early-stage activity in project development for Town Deal Projects. Funding can only be spent on projects listed in the Grant Offer Letter. This includes projects where business case summary documents have not yet been submitted to DLUHC. Should a project within a deal not prove viable, DLUHC will not seek to claw back the 5% early draw down. However it should be noted that the pre-payment is netted off the overall offer and DLUHC cannot guarantee that projects would be replaced at equivalent value. This mechanism has already been utilised for the Energy Central Campus – Phase 1 to expedite designs and business case development to meet critical programme milestones.
- 7.11 The need to accelerate these funds is applicable to both the Town Deal Connectivity Projects, i.e., Blyth to Bebside Connectivity and Northern Gateway Phase 2. The estimated cost of this development work is £250,000 and there is sufficient headroom in the capital CDEL Fund 2022/23 to enable this.
- 7.12 The Link Bridge Street project is not a Town Deal funded project. However, design work must also proceed at pace as there is a requirement to spend all FHSF funds (£1,688,508) by 31 March 2024. In this case there is sufficient allocation within the MTFP and the FHSF budget that has already been agreed (subject to Local Assurance).
- 7.13 The required acceleration of spend across the three projects to accommodate the above process results in a revised funding profile as set out in Annex 1. This involves an adjustment to the current MTFP profile in 2022/23, 2023/24 and 2024/25 (illustrated in yellow). However, the costs identified are all within the parameters of the overall budget for this project and do not impact on later years, other than in terms of re-profiling existing Council contributions to meet need.

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2022-26. The plan supports the Corporate Plan.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme. The financial implications of these proposals are outlined in the main body of the report. The projects will be funded from the existing capital programme.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction measures have been considered within each project.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards.

Background Papers:

Medium Term Financial Plan 2022-26

Report sign off:

Authors must ensure that officers and members have agreed the content of the report:

	Name
Monitoring Officer/Legal	Suki Binjal
Executive Director of Finance and S151 Officer	Jan Willis
Interim Deputy Chief Executive	Rick O'Farrell
Portfolio Holder	Richard Wearmouth

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Annex 1 – Energising Blyth Connectivity Projects – Proposed Changes to the Financial Profile, June 2022

Current MTFP Profile

Town Deal Current MTFP Profile - Capital	2022-2023 BUDGET			2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 and beyond			TOTAL BUDGET		
Capital Costs	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING
Blyth Beside to Town Centre Connectivity	151,680		151,680	3,913,960	2,923,610	990,350	2,803,960	1,825,110	978,850	-			6,869,600	4,748,720	2,120,880
Blyth Town Centre Northern Gateway (Phase 2)	-			-			300,000	300,000		2,700,000	1,800,000	900,000	3,000,000	2,100,000	900,000
The Link	1,264,595	834,254	430,341	1,264,595	834,254	430,341							2,529,190	1,668,508	860,682
Total	1,416,275	834,254	582,021	5,178,555	3,757,864	1,420,691	3,103,960	2,125,110	978,850	2,700,000	1,800,000	900,000	12,398,790	8,517,228	3,881,562

Revised MTFP Profile

Town Deal Revised MTFP Profile - Capital	2022-2023 BUDGET			2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 and beyond			TOTAL BUDGET		
Capital Costs	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING	BUDGET	EXTERNAL FUNDING	NCC FUNDING
Blyth Beside to Town Centre Connectivity	251,680	100,000	151,680	3,813,960	2,823,610	990,350	2,803,960	1,825,110	978,850	0			6,869,600	4,748,720	2,120,880
Blyth Town Centre Northern Gateway (Phase 2)	150,000	150,000	0	0			150,000	150,000	0	2,700,000	1,800,000	900,000	3,000,000	2,100,000	900,000
The Link	200,000	200,000	0	1,468,508	1,468,508	0	860,682		860,682				2,529,190	1,668,508	860,682
Total	601,680	450,000	151,680	5,282,468	4,292,118	990,350	3,814,642	1,975,110	1,839,532	2,700,000	1,800,000	900,000	12,398,790	8,517,228	3,881,562