

**Report to:** Council

**Date of Meeting** 15 April 2026

**Heading/Title:** Changes to the Constitution – Terms of Reference for the LATCo Shareholder Committee

**Cabinet Member(s):** Communications and Democracy (Councillor Sarah Jackson)

**Director/Assistant Director:** Governance (Melanie Wellman)

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**Key decision No**

**If a Key Decision has it appeared on Forward Plan N/A**

**Document classification:** Part A Public Document

**Exemption applied:** None

#### **Report Summary and Recommendations/Decision**

The report includes an update on amendments to the Council's Constitution following a review of the Constitution by the Constitution Working Group.

In accordance with the Council's Constitution Full Council is responsible for the changes to the Constitution.

This is a new document proposed to be included in the Constitution to set out LATCo Shareholder Committees terms of reference for the Committee. These set out its purpose, functions and operating arrangements, to ensure it undertook the Council's role as owner of the Company in an effective manner.

The Terms of Reference have been considered by the Constitution Working Group and it is recommended that Council approves them.

#### **RECOMMENDATIONS:**

That the Council:

1. Approves the LATCo Shareholder Committee Terms of Reference to be included in the Council's Constitution.
2. Delegates authority to the Monitoring Officer in consultation with the Portfolio Holder for Communications and Democracy to make any minor drafting changes to the Terms of Reference prior to publication on the Council's website.

## **1. Background**

### **Updating of the Constitution**

- 1.1 The Constitution Working Group has been carrying out a phased review of key elements of the Constitution over a series of working group meetings.
- 1.2 The Constitution Working Group was set up in 2024 at Annual Council to review the Constitution. The Constitution Working Group is a cross-party membership consisting of:

Councillor Sarah Jackson (Chair & PFH for Communications & Democracy), Councillors Paul Arnott, John Loudoun, Tim Dumper, Mike Goodman, Jenny Brown, Mike Howe, Peter Faithfull and Kim Bloxham and officer support is provided by the Monitoring Officer and Democratic Services Team.
- 1.3 The Shareholder Committee (SHC) had been established to carry out necessary functions of the Council in its capacity as owner of the company East Devon Environmental Services Limited, to deliver waste and recycling services on behalf of East Devon District Council.
- 1.4 The Terms of Reference were considered by the LATCo SHC and recommended to the Working Group.
- 1.5 The Terms of Reference covers the following areas:-
  - Membership of the LATCo SHC;
  - Meeting frequency;
  - Reserves (substitute members);
  - Quorum;
  - Competency;
  - Functions of the LATCo SHC.

## **2. Reasons for Recommendations/Decision**

- 2.1 It is important that the Council's Constitution is regularly reviewed to ensure that it remains fit for purpose and meets the Council's requirements.
- 2.2 This report recommends the approval of the Terms of Reference for the LATCo Shareholder Committee to enable the Council to carry out necessary function in its capacity as owner of the property.

### **3. Options**

- 3.1 As this is a requirement of formation of the LATCo (East Devon Environmental Limited) no other options were considered.

### **4. Relevance to Council Plan/priorities**

Set out how report links to the Council Plan/priorities:

- A supported and engaged community that has the right homes in the right places, with appropriate infrastructure.
- A sustainable environment that is moving towards carbon neutrality and which promotes ecological recovery.
- A vibrant and resilient economy that supports local business, provides local jobs and leads to a reduction in poverty and inequality.
- A well-managed, financially secure and continuously improving council that delivers quality services.

Having an up-to-date Constitution ensures the Council is able to support its Council Plan and priorities through the governance arrangements set out in the Constitution.

### **5. Financial Comments/Implications**

- 5.1 There are no financial implications arising from this report as the budget for allowances payable to Panel members is from within existing budgets.

### **6. Legal Comments/Implications**

- 6.1 Under Section 9P of the Local Government Act 2000, the Council is required to prepare and keep up to date a Constitution containing the standing orders of the Council and such other information as is required or desirable.

### **7. Risk Implications**

- 7.1 It is important that the Council keeps its Constitution up to date to reflect best practice and any changes in legislation.

### **8. Equality Implications (Public Sector Equality Duty)**

- 8.1 No specific negative equalities implications have been identified with the proposals set out in the new Constitution. Decisions taken by the Council, in accordance with its Constitution, will consider equalities implications and have due regards to its legal duties under the Equality Act 2010. The arrangements for committee meetings will take full consideration of equalities and public accessibility requirements. An Equalities Impact Assessment is not considered necessary for this decision as there are no direct impacts.

## **9. HR and Workforce Implications**

- 9.1 There are no HR and Workforce implications arising from the recommendations in the report.

## **10.2 Community Safety Implications (Crime and Disorder)**

- 10.1 There are no Community Safety Implications arising from the recommendations in this report.

## **11. Climate Change Implications**

- 11.1 There are no Climate Change implications arising from the recommendations in this report.

## **12. Health & Safety and Health & Wellbeing Implications**

- 12.1 There are no public health, health and safety or health and wellbeing implications arising from the recommendations in this report.

- 12.2 There are no safeguarding issues that may arise from the recommendations in the report.

## **13. Procurement and Social Value implications**

- 13.1 There are no procurement and social value implications arising from the recommendations in this report.

## **14. Land and Buildings (non-housing)/Asset Management Implications**

- 14.1 There are no land and buildings/asset management implications arising from the recommendations in this report.

## **15. Overview and Scrutiny Committees Comments/Recommendations**

- 15.1 N/A.

## **16. Digital and Data**

- 16.1 N/A

## **17. Consultation and Engagement**

- 17.1 The Terms of Reference were prepared by external legal advisors, Bevan Brittan and were considered by the LATCo Shareholder Committee.

## **18. Communications**

- 18.1 Subject to approval by full Council the Council's website will be updated.

## **19. Next Steps**

19.1 To update the Council's website to reflect the recommendations arising from this report.

**20. Appendices**

Appendix 1 – Terms of Reference – LATCo Shareholder Committee.

**21. Background Papers**

21.1 None.

**LATCO Shareholder Committee Terms of Reference**

**EAST DEVON DISTRICT COUNCIL  
SHAREHOLDER COMMITTEE TERMS OF REFERENCE**

*For insert at Part 3 Section 2: Terms of reference and delegated powers of committees at 2.1 Cabinet (to follow 'Portfolio Teams'). We would suggest the following preamble, 'Committees of the Executive', is inserted before the Shareholder Committee Terms of Reference. Alternatively, this preamble may be added to Article 6.*

**Committees of the Executive**

The Leader or the Cabinet may delegate any of its functions to a committee of the Cabinet. Committees of the Cabinet shall report to the Cabinet. The Leader or the Cabinet may establish decision-making committees which may only include Cabinet members. The Leader or the Cabinet may establish advisory committees, the membership of which need not be limited to Cabinet members. The Leader or the Cabinet may change them, abolish them, or create further ones, at its own discretion.

Committees established by the Leader or the Cabinet shall be empowered to perform these functions with immediate effect unless the Leader or the Cabinet impose any express restriction when they are established. Unless stated otherwise, all decision-making committees will continue in operation until expressly abolished by the Leader or the Cabinet and all advisory or consultative committees will continue in operation only until the first meeting of the Cabinet in the next civic year following their establishment when they must be expressly renewed or they cease to exist.

All functions that have been delegated to a committee established by the Leader or the Cabinet can still be taken by the Cabinet as the parent body (where the Cabinet has delegated that function) or by the Leader either personally or in accordance with the Leader's delegation of those functions to an individual Cabinet member or an alternative committee of the Cabinet.

The establishment, abolition or cessation of committees and the amendment of their terms of reference will be reported to Full Council in due course for noting in the Council's Constitution.

**Shareholder Committee**

**Membership:** 5 Cabinet Members including the Leader of the Council, Cabinet Member with Portfolio Responsibility for Environment Operations, the Cabinet Member with Portfolio Responsibility for Finance, and 2 other Cabinet Members.

The Head of Paid Service, the Chief Finance Officer (Section 151 Officer), the Monitoring Officer and representatives of Council companies shall be invited to meetings on a non-voting basis.

The Committee will be chaired by the Cabinet Member with Portfolio Responsibility for Environment Operations.

**Meetings:** 4 times per year (or more frequently as appropriate)

**Quorum:** 3

**Reserves:** Members of the Shareholder Committee may appoint reserve members from within the Cabinet, including substituting membership with the relevant Cabinet portfolio lead for the company activities being considered.

**Competency:** All members of the Shareholder Committee and Cabinet members attending as reserves must:

- (a) have undertaken mandatory training in the relevant law and procedures which relate to the Committee's work; and

- (b) undertake further mandatory training, on an ad hoc basis, when there are changes to procedure or relevant legislation that are deemed significant by the relevant Director.

**Terms of reference:** The purpose of the Shareholder Committee is to represent the Council's interests as the owner of East Devon District Council's companies. The Shareholder Committee shall approve and oversee the Council's strategic objectives across its companies and to support the development of these companies in line with the Council's regulations and ambitions. The Shareholder Committee will provide strategic oversight of the Council's companies and provide assurance to the Cabinet that these companies are compliant with the Council's constitution, rules and procedures; its corporate objectives; are achieving best value; and are fit for purpose.

The Shareholder Committee will not have operational control over the Council's companies. The day-to-day operation of each company is the responsibility of the directors of each company. Operational liaison with the Council's companies will be between the client service of the Council and the managing director of each company. The following matters are reserved for the Shareholder Committee. In the event that the Committee was not minded to determine any matter reserved to it, it may refer those matters to the Leader or Cabinet for determination:

- (a) The Shareholder Committee has the right to access the following information from Council companies to undertake the work of the Sub-Committee:
  - (i) The statutory accounts of the company;
  - (ii) Business plans including risk registers;
  - (iii) Reports on major projects;
  - (iv) Any reports on engagement and commercial activity; and
  - (v) Any additional information it considers necessary to undertake the work of the Committee.
- (b) To hold the Council's companies to account, providing strategic oversight of the arrangements with the companies including the delivery by the companies of the Council's policy aims;
- (c) To appointment/remove company directors;
- (d) To appoint auditors;
- (e) To approve changes to the constitution of the company;
- (f) To exercise any shareholder consents;
- (g) To approve the business plans of each of the Council's companies and any in-year variations to it, including providing strategic advice to the Cabinet on the robustness and suitability of each of the business plans;
- (h) To approval any matter outside of the business plan and/or which exceeds the thresholds as detailed in the reserved matters within the Shareholder Agreement
- (i) To approve any proposals to make a significant capital or revenue investment in any of the Council's companies;
- (j) To approve any other Reserved Matters provided for in the Shareholder Agreement;
- (k) To take any decisions in relation to the overall commissioning arrangements;
- (l) To prepare and maintain a strategic risk register in relation to the Council's companies;
- (m) To review and analyse the annual statement of accounts of each of the Council's companies;
- (n) To determine the distribution of any surplus or the issue of any dividends from any of the Council's companies
- (o) To be consulted on the following by the Council's companies:
  - (i) the strategy, business plan, financial and corporate performance of the company;
  - (ii) Company policies;
  - (iii) matters reserved for shareholder approval as and when appropriate; and
  - (iv) emerging issues and opportunities which may impact the company, to discuss solutions proposed by the company.
- (p) To provide assurance that:
  - (i) strategic commissioning arrangements for the Council's companies are fit for purpose or provide recommendations to ensure that they are;
  - (ii) the overarching performance arrangements for each of the Council's companies are fit for purpose or provide recommendations to ensure that they are;
  - (iii) the arrangements for Council's companies comply with the Procurement Act 2023;

- (iv) all Council's companies are complying with the relevant statutory and regulatory framework for their respective areas of operation.
- (q) To prepare and present a strategic report to the Cabinet at least once a year on the overall governance, financial and performance arrangements for the Council's companies.