

Forward Swindon Ltd

The Role of the Shareholder Panel (The Panel)

The Deputy Chief Executive of SBC, in consultation with the Shareholder Panel, shall manage the relationship with and the annual financing of the wholly owned subsidiary company known as Forward Swindon Ltd (the company). At the request of the Shareholder Panel, the Deputy Chief Executive shall call meetings with the company as and when it considers necessary with a minimum of three meetings with the company taking place in each Council financial year. The business of the meetings with the company shall be decided by the Deputy Chief Executive in consultation with the Panel and the following business will be addressed as necessary:

- a) Considering and agreeing the approach described in the company's proposed rolling annual five year business plan including the budget for the first financial year
- b) Considering a mid-year review report on progress and performance against the agreed business plan for the period.
- c) Arrangements for and business to be conducted at the Annual General Meeting of the company to include receiving and approving a report from the company on performance against the agreed business plan, the financial outturn and, in the event of a profit for the year, whether the dividend should be waived or reduced.

The Panel shall note that the business plan is core to establishing and maintaining an effective working relationship between the council and the company and enabling the company to operate effectively in undertaking the agreed brief. The business plan will be 'signed off' by the Deputy Chief Executive of SBC in consultation with the Panel on behalf of Swindon Borough Council (SBC). The Panel shall report back to the Council on any matters it considers necessary to support the process of compiling the draft business plan for acceptance by the Panel and will emphasise the importance of SBC 'client' departments and the company engaging in timely discussion and analysis to support effective working in achieving the objectives and outcomes described in the Report submitted to the March 2010 Cabinet meeting..

The draft business plan submitted to the Panel shall as a minimum contain the following information

- a) A schedule of the company's priority outcomes and success criteria for the 5 year period described in a way that enables progress to be assessed.

- b) An indication of the priority projects, success criteria and timescales on major projects to be undertaken in the first year in the 5 year plan period. The draft plan to also describe how the company is planning to change and redirect resource allocation to support priorities.
- c) The company's internal organisational structure, projected financial requirements over the subsequent five years with analysis of the estimated costs and revenues for the first financial year. The analysis should include an assessment of the balance sheet reserves available at the beginning of the five year period and any proposed changes to the scale of reserves and if any are to be applied to support operational activity.
- d) The funding required from the council in the first year, proposed cash flow and billing arrangements.
- e) How the SBC and the company can most effectively operate so as to achieve the best outcome for the local community in relation to minimising the impact of transaction costs and taxation.

Below is a schedule of the key assumptions and context for the preparation of the first draft business plan. The Deputy Chief Executive, in consultation with the Panel, will have authority to change this schedule at formal meetings:

- a) To explicitly draw to the attention of the Panel any proposed changes to the functions and roles of the company and any change in relationship, financial or otherwise, with SBC for example, where it is proposed an activity shall no longer be undertaken by the company or where the charging arrangements to the council are to change.
- b) To plan on the clear understanding that the company funding from SBC will gradually be reduced from the approved level in 2010/11 (expected to be circa £1.2m) to £0.5m per annum from 2015 onwards. This objective will be subject to annual plan negotiation based on the company's needs and the company's ability to draw on alternative sources of funding. In this context, the company will include in the business plan the description of how costs are to be reduced and additional income generated to live within the expected funding.
- c) That the company will not acquire fixed assets without specific approval within the business plan.
- d) That the company has flexibility and discretion in the deployment of available funds to deliver the agreed objectives in the way the company board thinks fit within these agreed parameters
- e) Unless agreed otherwise at the AGM or at a shareholder panel meeting, annual profit will be repaid to the shareholder as dividend.

- f) That where services are being provided to the council there will be no charges made to SBC other than those specifically agreed with SBC.