

Section 3 - Cabinet Functions

This section details the responsibilities of the cabinet and the delegation arrangements.

3.3.1 The leader

3.3.2 The leader of the council determines:

- (a) the size of the cabinet
- (b) the appointment of a deputy
- (c) the appointment of cabinet members
- (d) the appointment of cabinet support members
- (e) the appointment of champions
- (f) the allocation of portfolios and responsibility to cabinet members
- (g) the cabinet functions that can be carried out by cabinet members individually (paragraph 3.3.11)
- (h) the cabinet functions that can be carried out by the chief executive (section 7 of this part)

3.3.3 Where cabinet member portfolios cut across the various functions of the council and in cases of uncertainty as to which cabinet member is responsible for any function, the leader shall decide which cabinet member(s) will deal with it.

3.3.4 Cabinet functions

3.3.5 The cabinet shall make decisions in relation to all of the council's areas of responsibility other than those specified as:

- (a) Council functions, or
- (b) Scrutiny functions, or
- (c) Functions cabinet has arranged to be exercised by or with another council's cabinet.

3.3.6 Cabinet shall also formulate or prepare the documents consisting of the budget and policy framework and shall make recommendations to Council on their implementation.

3.3.7 In relation to the budget documents once the overall budget has been agreed at the beginning of the year by full council, subsequent decisions of cabinet that may impact on that budget need only be recommended back to full council:

- If the decision is likely to cause the authority's overall budget envelope to be exceeded, or
- If it is contrary to the authority's borrowing or capital expenditure budget.

3.3.8 Cabinet meeting

3.3.9 A cabinet meeting will be convened for decisions that are:

- (a) key and relate to more than one cabinet portfolio, or
- (b) of sufficient public interest that a decision at a public meeting is required, or
- (c) reserved to cabinet by virtue of the financial procedure rules and associated guidance (see part 4 section 7).

3.3.10 Delegation of cabinet functions

3.3.11 The leader has decided to delegate to individual cabinet members key decisions that relate to their portfolio.

3.3.12 A cabinet member cannot take a decision contrary to the advice of the chief executive, monitoring officer, s.151 officer or relevant director(s) such a decision must be referred to a cabinet meeting.

3.3.13 The leader has decided to delegate to the chief executive all functions that fall outside the definitions above. The chief executive can only take non key decisions under this general delegation. Key decisions can only be taken by the chief executive following a specific decision containing an officer delegation. The monitoring officer is responsible for consulting with the leader and if applicable, the relevant cabinet member to assist the leader in determining whether any matter is one that should be determined at a cabinet meeting, an individual cabinet member or by the chief executive.

3.3.14 Key decisions

3.3.15 A key decision is a decision:-

taken at a cabinet meeting, by an individual cabinet member, or a joint committee of the executive;

and is:

- (i) Any decision in relation to an executive function which results in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned.

A threshold of £500,000 is regarded as significant.

- (ii) Any other executive decision which in the opinion of the monitoring officer is likely to be significant having regard to

- the strategic nature of the decision and / or
- whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards in Herefordshire) affected.

- (iii) Any substantive decision to bring forward proposals to Council to approve or amend an item within the budget and policy framework (not being subject to call-in).
- (iv) Any substantive decision made to approve or amend a policy framework where Council has granted the executive power to do so (being subject to call-in).

3.3.16 CABINET SHAREHOLDER COMMITTEE

3.3.17 OVERVIEW

The Shareholder Committee forms part of the overall governance arrangements for Herefordshire County Council ("**the Council**") in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council (including where such control comes about indirectly, such as via a loan agreement) (each a "**Subsidiary**" and together the "**Subsidiaries**").

3.3.18 CONSTITUTION

- 3.3.19 The members of the Shareholder Committee will be set to 4 Cabinet Members to be nominated by the Leader.
- 3.3.20 Each Shareholder Committee member may nominate an alternate Cabinet Member to attend a meeting in their place.
- 3.3.21 The Shareholder Committee will be supported by Council officers as required.
- 3.3.22 The Shareholder Committee will appoint a Chair of the Shareholder Committee. If an appointed Chair is not present at the start of a meeting of the Shareholder Committee, those members present will appoint one of the members present to chair that meeting.
- 3.3.23 Additional advisors, who do not need to be officers or members of the Council, may be invited to attend the Shareholder Committee as required.

3.3.24 ROLE OF THE SHAREHOLDER COMMITTEE

- 3.3.25 The Shareholder Committee will have a role in ensuring proper governance of the Council's Subsidiaries, such role to include:
 - 3.3.25.1 monitoring information from each Subsidiary, in particular on financial and other risks and escalating such risks within the Council as appropriate;
 - 3.3.25.2 exercising decisions relating to the Council's role as shareholder, member, owner, lender, or other position of significant control over the Subsidiary, where those decisions have been delegated to the Shareholder Committee;
 - 3.3.25.3 making reports and recommendations to the Cabinet on areas outside of the Shareholder Committee's delegated authority.
- 3.3.26 It is expected that each Subsidiary will enter into a form of agreement with the Council (whether as owner, controller or lender) setting out the basis of the relationship between them (each a "**Memorandum of Agreement**").

3.3.27 A detailed description of the Shareholder Committee's role in relation to each Subsidiary will be set out in the relevant Memorandum of Agreement.

3.3.28 Authority to make decisions on behalf of the Council is delegated to the Shareholder Committee for each Subsidiary as follows:

3.3.28.1 The following decisions are delegated to the Shareholder Committee for all Subsidiaries:

Altering in any respect the articles of association of a Subsidiary (or any other governing document such as the Rules of a Community Benefit Society)
Altering the rights attaching to any of the shares in a Subsidiary
Permitting the registration of any person as a shareholder or member of a Subsidiary
Nominating directors to be appointed on the board of a Subsidiary and notifying a Subsidiary to remove directors from its board
Increasing the amount of a Subsidiary's issued share capital
Passing any resolution for a Subsidiary's winding up or presenting any petition for its administration
Altering the name of any Subsidiary
Adopting, reviewing or amending a Subsidiary's Business Plan
Where a Subsidiary fails to produce a Business Plan as required by its Memorandum of Agreement, producing that Subsidiary's Business Plan
Directing the board of a Subsidiary to take or to refrain from taking a particular action

3.3.29 Any Memorandum of Agreement entered into with a Subsidiary may identify additional decisions which are delegated by Cabinet to the Shareholder Committee in relation to that Subsidiary only.

3.3.30 Decisions which are not delegated to the Shareholder Committee in accordance with 3.3.28 above will be taken through the usual decision-making processes in accordance with the Council's governance and constitutional framework. This will include decisions relating to the issue of loan capital in relation to any Subsidiary and to any approvals relating to any intra-group loans.

3.3.31 **OPERATION OF THE SHAREHOLDER COMMITTEE**

3.3.32 The Shareholder Committee will meet three times per year, or more frequently if required.

3.3.33 The quorum for a meeting of the Shareholder Committee is a minimum of 3 members.

3.3.34 Meetings will be held in public or otherwise in line with the Council's democratic meeting protocol. There may be particular matters or agenda items which are required to be considered in private due to commercial confidentiality, and these will be handled in accordance with the Council's usual democratic protocol.

- 3.3.35 Minutes and agendas will be managed and published in accordance with the Council's usual democratic protocol.
- 3.3.36 The Shareholder Committee shall make its decisions as follows:
- 3.3.36.1 At meetings of its members by consensus of those present, unless any member of the Shareholder Committee requires a vote, in which event a majority decision will be taken with each member of the Shareholder Committee present having a single vote. Advisors and officers present to support the Shareholder Committee will not have a vote. The Chair of the meeting has a casting vote in the event that there is no clear majority; or
- 3.3.36.2 In cases of urgency, by a decision made by the Leader or by an alternate Cabinet Member nominated by the Leader in consultation with the Chief Executive.
- 3.3.37 After each meeting, the Chair shall approve the minutes and authorise the implementation of the Shareholder Committee's decisions, including where relevant the signature of any documents by appropriate Council signatories.
- 3.3.38 The Shareholder Committee will review the Terms of Reference annually and make any necessary recommendations to Cabinet.