

V3.1 March 2014

Appendix E: Draft Waste Credit Governance Committee Terms of Reference

- To have oversight of the actions of the Council acting as lender to the waste project and its waste contractor Mercia Waste Management Ltd (Mercia);
- (a) To review, in conjunction with external advisers advising the Council as lender, the risks being borne as a result of the funding provided by the Council to Mercia and consider whether the risks being borne by the Council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice;
 - (b) To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable;
 - (c) To consider what steps should be taken to protect the interests of the Council as lender in the event of a default or breach of covenant by Mercia, and make recommendations as appropriate to Full Council, the Council's statutory officers or Cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia;
 - (d) To consider and recommend appropriate courses of action to protect the position of the Council as lender to the waste project;
 - (e) To make recommendations as appropriate to Council with regard to its Budget and Policy Framework and the loan to the waste project;
 - (f) Generally to take such other steps in relation to the loan within the scope of these Terms of Reference as the Committee considers to be appropriate.

Notes

- The Committee will be cross-party with 9 members established in accordance with the legal requirements of political balance
- The Committee will not contain any current members from time to time of the Cabinet
- The Committee will be chaired by a Councillor appointed by full Council. The Vice-Chairman will be from a Group other than that forming the present administration
- The Committee will be advised by external financial and legal advisers on behalf of the Council's s151 officer and will also seek advice as appropriate from the Council's statutory officers including the Council's Monitoring Officer and Section 151 officer
- The Committee will meet in public (unless the grounds for exemption are met under the Access to Information legislation) and upon at least 5 working days notice (unless called sooner as a matter of urgency) in accordance with that legislation
- The Committee will not be responsible for decisions in respect of the operation of the waste contract or any waste disposal authority executive functions
- The Committee will not be accountable to the Cabinet
- The Committee may decide matters within its terms of reference or refer them to full Council, statutory officers or Cabinet for determination

As the Committee regulates or controls the finance of the Council (in relation to the funding provided to Mercia) the law does not permit co-optees to sit as members of the committee by virtue of s102(3) LGA 1972.

However, in order to benefit from a clearer separation of roles, the Committee may be advised by an external financial expert who will report to the Committee, attend its meetings and provide expert advice to it. As necessary, the Committee may also receive legal advice from an external firm of

solicitors with expertise in banking law. The Council's s151 officer and Monitoring Officer will retain their overarching statutory roles in respect of the Committee.

The Cabinet, not the Committee, will continue to be responsible for exercising the role of the Council's executive, acting as a waste disposal authority within the overall Budget and Policy framework set by the Council. The Cabinet will have no supervisory or other responsibility for the Committee.

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