

CHORLEY LEISURE LIMITED

(“the Company”)

STANDING ORDERS

1. INTRODUCTION

- (a) These standing orders (“Standing Orders”) are not intended to replace or alter the Articles of Association of the Company (“Articles”); rather they are intended to:
- (i) amplify those parts of the Articles relating to the proper conduct and management of the Company by its directors;
 - (ii) outline the responsibilities and level of authority of the Company’s Board;
 - (iii) provide a sound and clear basis for the conduct of the Company’s business.
- (b) The Standing Orders of the Company may only be changed or rescinded with the approval of the Board members and with the prior written consent of the Company’s largest shareholder (“Shareholder”).
- (c) The Shareholder may, by ordinary resolution, alter, rescind or add to any part or element of these Standing Orders.
- (d) A copy of these Standing Orders is to be available to all directors.
- (e) Interpretation of terms in these Standing Orders that are defined in the Articles shall be as provided in the Articles.
- (f) In the event of any doubt as to the meaning or application of the Standing Orders, the matter shall, in the first instance, be referred to the chairman of the Board of the Company, who shall report his decision to the next directors’ meeting. In the event that the chairman considers a decision not to be urgent, the matter will be resolved by the directors. In the event that the directors determine that the Standing Orders require clarification or amendment, the directors shall refer the matter to the Shareholder.

2. INCORPORATION AND INTERPRETATION

(a) The following standing orders (“Standing Orders”) have been made by the directors of the Company pursuant to Article 16 of the Articles of Association of the Company (“Articles”).

(b) Terms defined in the Articles shall have the same meaning in these Standing Orders.

3. PROCEDURE

(a) Membership

(i) The Articles set out the admission and removal of Board Members for the Company. In addition, all appointments must receive prior approval of the Shareholder before they become effective.

(b) Board and Committee Meetings

(i) It is the duty of the Chief Executive, Directors and employees of the Shareholder to ensure the Board of are properly informed to enable them to carry out their responsibilities. When providing information to the Board, employees must provide useable, clear and concise information and not overwhelm agenda items and meetings with data from which it is difficult to extract the key points.

4. DECISION MAKING

Corporate Matters

	Matter	Functions Shareholder/Company Board
1	Amendments to these Standing Orders or any delegation policy adopted by the Company from time to time	Shareholder - Executive Cabinet Decision Company Board - Recommendation
2	Approval and adoption of the Company Business Plan or Investment Strategy initially and then annually and amendments as defined under the Business Plan	Shareholder – Executive Cabinet Decision Company Board – Recommendation
3	All decisions made in accordance with the approved Business Plan or Investment Strategy unless otherwise specified in this matrix	Company Board – Company Board Decision
4	Material alteration as defined in the Business Plan of the nature/scope of the Company's Business, closing down/commencing any new business which is not in accordance with the Business Plan of the Company and/or the articles of association	Shareholder – Full Council Decision Company Board – Recommendation
5	Acquiring, disposing or agreeing to acquire or dispose of any tangible, physical asset of the business that is not land or buildings, any interest in any asset of the Business (including the exercise of an option)	Shareholder – Executive Cabinet Decision above Key Decision Company Board – Decision below Key Decision

	Matter	Functions Shareholder/Company Board
6	Declaring or paying any distribution in respect of surpluses, assets or reserves of the Company or changing any policy relating thereto	Shareholder – Executive Cabinet Decision Company Board - Recommendation
7	Altering the head office location	Shareholder – Executive Cabinet decision Company Board – Recommendation
8	Changing the name of the Company	Shareholder – Executive Cabinet Decision Company Board – Recommendation
9	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not)	Shareholder – Full Council Decision Company Board – Recommendation
10	Amalgamating or merging with any other company or business undertaking	Shareholder – Full Council decision Company Board – Recommendation
11	Acquiring shares in any other company (subscription or transfer) or any other similar interest in another entity including a limited liability partnership or limited partnership, entering into joint ventures or partnerships or profit sharing	Shareholder – Executive Cabinet decision when not ancillary to the Business Plan Company Board – Recommendation or decision where ancillary to the delivery of the Business Plan
12	Alteration of issued share capital (including creating new classes of shares or varying rights of existing classes), or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital, of the Company	Shareholder – Full Council Decision Company Board – Recommendation

	Matter	Functions Shareholder/Company Board
13	Making any petition or passing any resolution to wind up the Company or making any application for an administration or winding up order or any order having similar effect in relation to the Company or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator	Shareholder – Full Council Decision Company Board – Recommendation or decision if not to do so would place the directors in breach of their duties under the Companies Act 2006 (or common law duties) or risk the Company wrongfully trading

Operational, procurement and contractual

	Matter	Functions Shareholder/Company Board
14	Acceptance or termination of or variation to secondment arrangements	Company Board – Decision Matter delegated for Director approval – Recommendation
15	The authority for procurement and engagement of (and terms of engagement) for services, goods and works of engagement) of contractors	Shareholder – Executive Cabinet Decision if Key Decision where in accordance with the Business Plan or not Key Decision and not in accordance with the Business Plan Full Council Decision if outside of the Business Plan Company Board – Decision if not a Key Decision and in accordance with the Business Plan
16	Entry into confidentiality, exclusivity and non-disclosure agreements	Company Board – Decision Matter delegated for Director approval – Recommendation

	Matter	Functions Shareholder/Company Board
17	Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against the Company, except in relation to debt collection, anti-social behaviour orders, damage to property by tenants and other matters that may require litigation in the ordinary course of business (where the claim, proceedings or other litigation has a potentially material impact on the reputation of the Council or the Company or has a potential material cost implication for the Council or the Company)	Shareholder – Executive Cabinet decision where the claim, proceedings or other litigation has, in the reasonable opinion of the Company’s Board may have a potentially material impact on the reputation of the Company or has a potential material cost implication for the Company Company Board – Decision for all other claims not to shareholders Matter delegated for Director approval – Recommendation
18	Termination by the Company of any of its contracts where this will have a material impact on the delivery of services or financial	Shareholder – executive Cabinet Decision
19	Termination by the Company of any of its contracts not covered by item 18	Company Board – Decision Matter delegated for Director approval – recommendation
20	Entering into material contracts (being those contracts that are in value anticipated to exceed 10% of the Company’s annual turnover) not contemplated by the Business Plan	Shareholder – Full Council Decision Company Board – Recommendation

	Matter	Functions Shareholder/Company Board
21	Disposing of a substantial part of the business and/or assets (not including property interests) outside of the Business Plan	Shareholder – Full Council Decision Company Board – Recommendation

Finance and borrowing

	Matter	Functions Shareholder/Company Board
22	Approval of statutory accounts	Company Board - Recommendation
23	Making or permitting to be made any change in the accounting policies and principles adopted by the Company in the preparation of its audited accounts as may be required to ensure compliance with relevant accounting standards under the Act or any other generally accepted accounting principles in the United Kingdom	Shareholder – Executive Cabinet Decision Company Board – Recommendation
24	Approving the repayment of any external loans	Company Board – Decision
25	Entering into (or agreeing to enter into) any borrowing or leasing arrangement in relation to working capital, granting any security in respect of any such borrowing or leasing including creating any encumbrance over the whole or any part of the undertaking or assets of the Company or any group Company	Shareholder – Chief Finance Officer where borrowing is secured on Company assets Company Board – Decision where borrowing is not secured on Company assets
26	Appointment of auditors (subject to company law)	Company Board – Decision Matter delegated for Director approval – Recommendation

	Matter	Functions Shareholder/Company Board
27	Giving a guarantee, suretyship, bond or indemnity to secure the liabilities of any person or assume the obligations of any person	Shareholder – Decision outside adopted financial policy Company Board – Decision with adopted financial policy Matter delegated for Director approval – Recommendation
28	Write down the Company's asset value, or writing off Debts	Shareholder – Decision above £100,000.00 Company Board – Decision up to £99,999.99
29	Making any agreement with any revenue authorities or any other taxing authority or making a claim, disclaimer, election or consent in relation to the Company, its/their business or assets or undertakings	Company Board – Decision Matter delegated for Director approval – Recommendation

Staffing and employment

	Matter	Functions Shareholder/Company Board
30	Establishment of an initial staffing structure or employment of individuals not contained within the business plan	Shareholder – Decision Company Board – Recommendation
31	Recruitment and selection of individuals	Shareholder – Full Council decision on advice of appointments panel for Managing Director and officers of the council as directors of the company Company Board – All none board appointments Matter delegated for Director approval – subject to any delegation by the Board
32	Dismissal of employees	Shareholder – Director Posts Company Board – all none directors
33	Alterations to no-director employee terms and conditions	Company Board – Decision
34	Adopting or changing remuneration policies set out in the Business Plan including the award of pay increases to employees	Shareholder – Decision

	Matter	Functions Shareholder/Company Board
35	Making changes to pension arrangements for staff on the Local Government Pension Scheme which do not arise out of amendments to that Scheme itself	Shareholder – Full Council decision Company Board – Recommendation

Decision relating to land or assets

	Matter	Functions Shareholder/Company Board
38	The acquisition or disposal of any land or interest in land or buildings or the entering into of any option (put or call) in respect of any land or buildings or the acquisition or disposal of any other asset (whether in the case of purchase by outright purchase or lease) in accordance with any investment strategy	<p>Shareholder – decision if valuation Key Decision and in accordance with the Business Plan or Investment Strategy or not Key Decision and not in accordance with the Business Plan or Investment Strategy</p> <p>Full Council Decision if Key Decision and not in accordance with the Business Plan or Investment Strategy</p> <p>Company Board – Decision if valuation is not a Key Decision and in accordance with the Business Plan or Investment Strategy</p> <p>Matter delegated for Director approval – Recommendation</p>
39	Submission of any planning application (or planning appeals) and approval of scheme designs	<p>Company Board – Decision where in accordance with the business plan</p> <p>Matter delegated for Director approval – Recommendation</p>

	Matter	Functions Shareholder/Company Board
40	Agreeing any ancillary legal documents necessary for the implementation of the Business Plan that are not land transfer or lease instruments of the like envisaged by item 38 including, by way of example, easements, building licences and wayleave agreements	Company Board – Matter delegated for Director approval - Decision

5. REPORTING AND OVERSIGHT

- (a) The directors of the Company shall hold a meeting to discuss the finances and management of the Company as required from time to time and at least once every month
- (b) The directors of the Company shall report to the shareholders as required from time to time and at least once every quarter in such format and including such information as the Shareholder shall require.
- (c) It shall not be a breach of any duty owed by a director to the Company for a director to provide to a shareholder any information relating to the Company requested by that shareholder

6. INTERPRETATION

- (a) Nothing in these Standing Orders removes any requirement in the Companies Act 2006 or the Articles of Association requiring a formal resolution of Shareholders. Where a formal resolution is not required, a decision for the purposes of these Standing Orders may be taken in any way permitted by the constitutional documents of the entity making the decision and any applicable law. Decisions taken without a formal resolution must be communicated to the Company in writing.
- (b) For the purpose of these Standing Orders:
 - (i) a **Key Decision** is a decision the value of which exceeds £100,000 (one hundred thousand pounds) in any case;
 - (ii) for the purpose of assessing whether a decision is a **Key Decision** the appropriate value to assess is the combined value of connected transactions;
 - (iii) the **Business Plan** for the Company sets out the activities planned to be undertaken by the Company in the period of not less than twelve months to which the Business Plan refers;
 - (iv) the **Investment Strategy** of the Company sets out the basis on which the Company will assess potential investments having regard to the objects and interests of the Company.