

MEETING OF THE LIVERPOOL CITY REGION COMBINED AUTHORITY

Liverpool City Region Combined Authority

29 April 2022

Supplementary Agenda

6. **Stakeholder Sub-Committee** 1 - 20
- The attached appendix contains the track changes to appendix 1.

This information can be provided in alternative formats on request

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Constitution

Liverpool City Region Combined Authority

July 2020

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**CONSTITUTION OF THE LIVERPOOL CITY REGION COMBINED
AUTHORITY**

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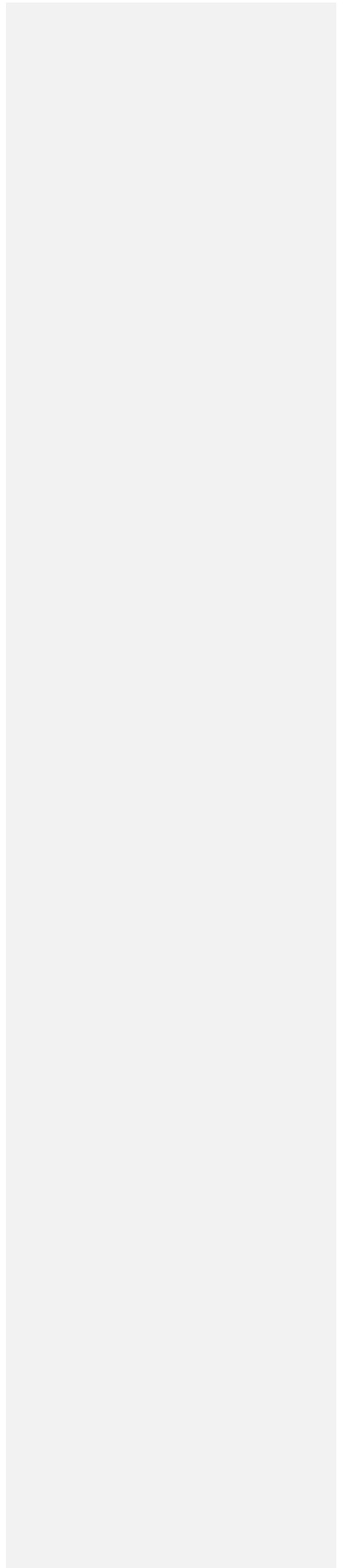
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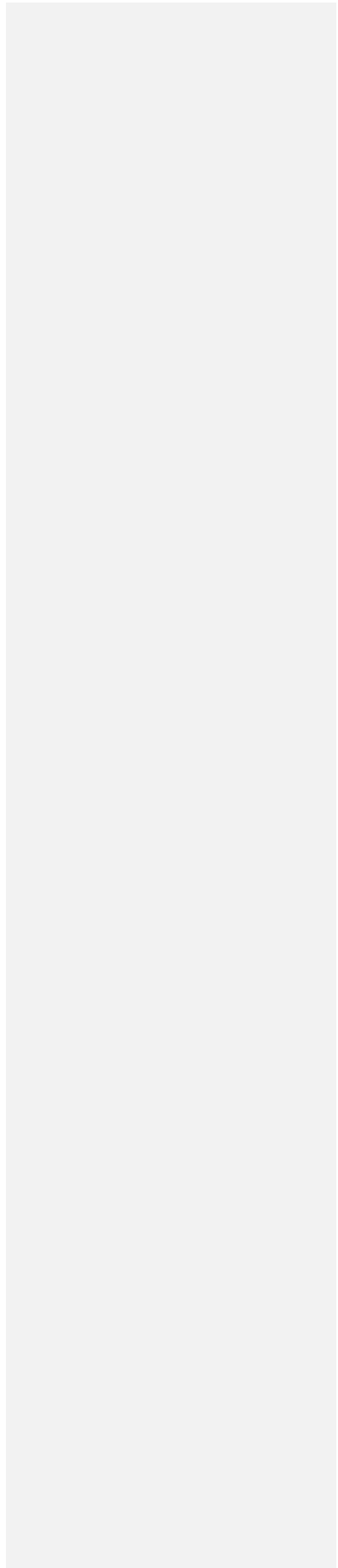
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A. THE COMBINED AUTHORITY

1. Overview

1.1 Meetings of the Combined Authority are of the body corporate, whose role it is to oversee and undertake responsibility for the exercise of those functions granted to the Combined Authority through the Local Democracy, Economic Development and Construction Act 2009 and the 2014 and the 2017 Orders made under it and any subsequent enactments.

2. Membership

2.1 Membership of the Combined Authority shall consist of:

- (a) the directly elected Combined Authority Metro Mayor ('the Metro Mayor');
- (b) six Constituent Council Members, whereby each of the Constituent Councils shall appoint:
 - (i) one of its elected members (including any directly elected Mayor) as a member of the Combined Authority; and
 - (ii) another elected member (including any directly elected Mayor) as a substitute member of the Combined Authority to act in the absence of the member appointed under (i) above, one of whom shall be appointed by the Metro Mayor as Deputy Mayor/Chair; and
- (c) the Local Enterprise Partnership Member, whereby the Local Enterprise Partnership shall nominate:
 - (i) one of its members to be a member of the Combined Authority; and
 - (ii) another of its members as a substitute member of the Combined Authority to act in the absence of the member appointed under (i) above, who shall be a non-voting Member of the Combined Authority.

Where a substitute member attends any meeting of the Combined Authority in the place of a Member, they shall be treated as if they were the Member and will hold and be able to exercise all the same rights, powers, responsibilities and obligations accordingly.

The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member.

2.2 Term of Membership

- (a) The term of office of the Metro Mayor returned at an election for the return of a Metro Mayor for the area:
 - (i) begins with the fourth day after the day of the poll at the election for the return of a Metro Mayor for the area, and
 - (ii) ends with the third day after the day of the poll at the next election for the return of a Metro Mayor for the area.

- (b) Other members or substitute members cease to be a member or substitute member of the Combined Authority if they cease to be:
 - (i) a member of the constituent council that appointed them; or
 - (ii) a member of the Local Enterprise Partnership that nominated them.

- (c) A person may resign as a member or substitute member of the Combined Authority by written notice served on the Monitoring Officer of the constituent council or the chairman or vice-chairman of the Local Enterprise Partnership (as the case may be) of:
 - (i) the constituent council that appointed them; or
 - (ii) the Local Enterprise Partnership that nominated them, and the resignation shall take effect on receipt of the notice by the Monitoring Officer of the council or chairman or vice-chairman of the Local Enterprise Partnership (as the case may be).

- (d) Where a member or substitute member's appointment ceases by virtue of sub-paragraph (b) or (c)—
 - (i) the constituent council that made the appointment must, as soon as practicable, give written notice of that fact to the Combined Authority and appoint another of its elected members in that person's place;
 - (ii) the Local Enterprise Partnership must, as soon as practicable, give written notice of that fact to the Combined Authority and nominate another of its members in that person's place and, on receipt of that notice, the Combined Authority shall appoint the nominee as the Local Enterprise Partnership Member at the next ordinary meeting of the Combined Authority.

- (e) A constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the Combined Authority and appoint another of its elected members in that person's place.

- (f) Where a constituent council exercises its power under sub-paragraph (e), it must give written notice of the new appointment and the termination of the previous appointment to the Combined Authority and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

- (g) The Local Enterprise Partnership may at any time terminate the appointment of a member or substitute member nominated by it to the Combined Authority and nominate another of its members in that person's place.

- (h) Where the Local Enterprise Partnership exercises its power under sub paragraph (g), it must give written notice of the new nomination together with the termination of the previous appointment to the Combined Authority and, on receipt of that notice, the Combined Authority shall appoint the nominee as the Local Enterprise Partnership Member and the new appointment shall take effect and the previous appointment terminate at the

end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

2.3 Chair

The Metro Mayor or, in his or her absence, the Deputy Mayor/Chair shall chair all meetings of the Combined Authority when present.

2.4 Quorum

No business of the Combined Authority shall be transacted unless at least four Constituent Council Members or substitute members appointed are present.

3. **Meetings and Procedure**

3.1 Voting

- (a) Subject to those matters at paragraph (e) below, any matters that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting on that question at a meeting of the Combined Authority, such majority to include the Metro Mayor, if the Metro Mayor is in post, or the deputy Metro Mayor/Chair acting in place of the Metro Mayor, if the deputy Metro Mayor/Chair is in post, and substitute members, acting in place of members.
- (b) Each member, or a substitute member acting in that member's place, and the Metro Mayor, if the Metro Mayor is in post, or the deputy Metro Mayor/Chair acting in place of the Metro Mayor, if the deputy Metro Mayor/Chair, is in post is to have one vote and no member or substitute member is to have a casting vote.
- (c) If a vote is tied on any matter it shall be deemed not to have been carried.
- (d) A decision on a question relating to any of the matters specified below, where such a question does not relate to the exercise of a general function exercisable only by the Metro Mayor in accordance with the Orders, requires a unanimous vote in favour by all members of the Combined Authority appointed by the constituent councils, or substitute members, acting in place of those members, present and voting on that question to be carried at a meeting of the Combined Authority. The matters referred to are:-
 - (i) the determination and review of any transitional arrangements on transport;
 - (ii) all matters relating to the constitution of the Combined Authority;
 - (iii) amendments to the standing orders of the Combined Authority;
 - (iv) all matters relating to the management, maintenance and funding of the Key Route Network of local roads which are to be maintained by the Combined Authority; and
 - (v) such matters as may be determined by the Combined Authority and set out in the standing orders within this Constitution, which are currently :-

- (vi) the co-option of additional members onto the Combined Authority requires a majority vote.
- (e) Where the exercise of a function exercisable by the Metro Mayor requires a period to have first expired without the Combined Authority having rejected or vetoed the proposals in question, as referred to below, the Combined Authority may reject or veto the proposal within that period only if it resolves to do so on a motion moved at a meeting of the Combined Authority and carried by at least two thirds of the members of the Combined Authority appointed by the constituent councils or the substitute members acting in place of that member, present and voting. The matters referred to are:-
 - (i) the proposals in exercise of the general functions of the Combined Authority exercisable only by the Metro Mayor as referred to at paragraphs 6.1(a)(ii) and 6.1(a)(iii) of Section B below; and
 - (ii) the proposals contained in the Metro Mayor's draft budget (or revised draft budget) as set out at Part 5 - Section A (B) of this Constitution.

See the Summary Voting Guide (page 102) which sets out the type of voting required on a range of functions and responsibilities.

3.2 Procedure

- (a) The Combined Authority will conduct business in accordance with the meeting standing orders, access to information rules and other standing orders, codes and protocols set out in Part 4 of this Constitution.
- (b) The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member

4. **Committees and advisory bodies**

4.1 The Combined Authority will establish an Overview and Scrutiny Committee and an Audit and Governance Committee in accordance with legislative requirements and as described in Sections C to D below.

4.2 The Combined Authority:

- (a) will establish the following standing Committees of the Combined Authority:
 - (i) Appointments and Disciplinary Committee
 - (ii) Transport Committeeas described in Section E and F;
- (b) may establish such other Committees or Sub-Committees of the Combined Authority, which may include the co-option of any member of a Constituent Council or of any non-voting members, as it sees fit; and
- (c) may establish such advisory panels and ad-hoc working groups as it considers may be expedient to assist it.

5. Delegation

- 5.1 The Combined Authority shall maintain and publish a scheme setting out where responsibility for the exercise of Combined Authority functions are delegated to:
- (a) a Committee or Sub-Committee of the Combined Authority;
 - (b) an officer of the Combined Authority (including Merseytravel) or
 - (c) by joint arrangements with another authority.
- 5.2 The Combined Authority or specified nominated Members will need from time to time to act as a shareholder and/or guarantor for companies and/or joint ventures that it holds a legal interest in. When the Combined Authority owns or jointly owns such an entity it will generally appoint Members of the Combined Authority to represent the shareholders interest and/or to be a guarantor. The Combined Authority will also generally appoint one or more Combined Authority officers to act as Directors of the legal entity. To manage those types of legal interests the following arrangements and/or delegations are/or may be required:
- (a) To establish a Sub Committee of the Combined Authority to manage those interests. Membership. Terms of reference, frequency of meeting, to be determined at the point of establishment and to be incorporated into the constitution as necessary.

The purpose of such arrangements can be found in Part 3 – Section B, which covers the terms of reference for the Stakeholder Sub-Committee, would be to:

- ~~(1) Monitor the performance of a company in relation to its Business Plans and, in particular, the company's performance:
 - a. in financial matters;
 - b. against the social goals of the company as set out in the company's Objects, Business Case or Business Plans; and
 - c. against the values of the Combined Authority.~~
- ~~(2) Evaluate and monitor:
 - a. the financial and social returns on investment (be that shareholding, loans or direct investment); and
 - b. risks and opportunities including those arising from joint ventures or new opportunities.~~
- ~~(3) Consider matters reserved to the Combined Authority for shareholder and/or guarantor approval, such as:
 - a. Varying Articles of Association;
 - b. Varying ownership and structure;
 - c. Variations to shares (number of, rights, etc. or level of guarantor commitment;~~

- ~~d. Entering contracts that:
 - ~~i. have a material effect on the business of the Combined Authority (including other companies within the group);~~
 - ~~ii. are outside of the business plan or do not relate to the business; and~~
 - ~~iii. significant in relation to the size of the business, the business plan, etc.~~~~
 - ~~e. Material legal proceedings outside of ordinary business;~~
 - ~~f. Adopting and amending business plans each year and strategic plans (3 years);~~
 - ~~g. Appointment, removal and the remuneration of directors (members of the company board);~~
 - ~~h. Selection of the chair of the board;~~
 - ~~i. Appointment of auditors; and~~
 - ~~j. Issue of dividends.~~
- ~~as more particularly set out in a company's Articles of Association or Shareholder Agreement.~~
- ~~(4) report and make formal recommendations to the Combined Authority, directly meeting as it sees fit;~~
 - ~~(5) make reports to and consult other committees of the Combined Authority or; and~~
 - ~~(6) make reports to and consult the Combined Authority's Audit Committee, in relation to that Committee's particular functions.~~

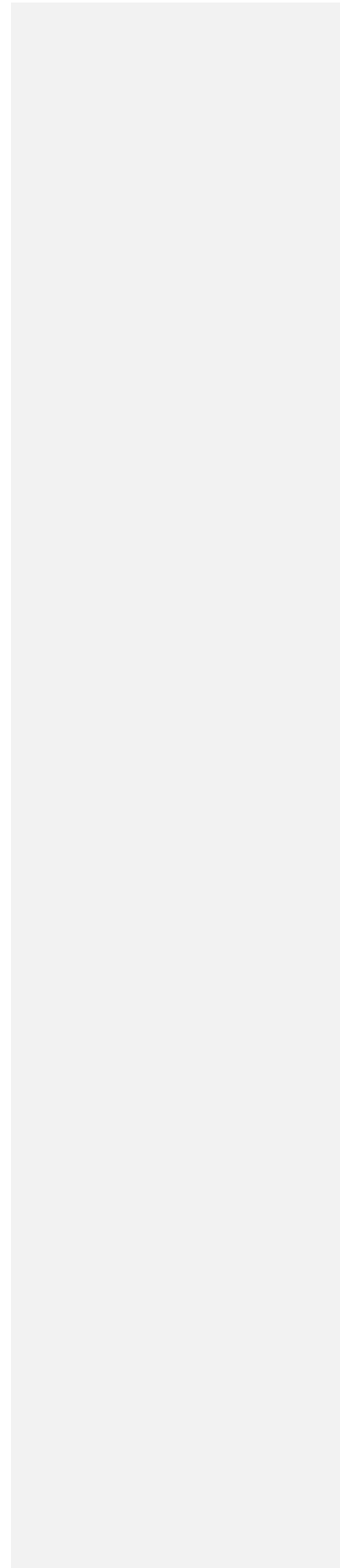
6. Functions

- 6.1 All functions available to the Combined Authority aside from those functions allocated by legislation to other bodies of the Combined Authority and those delegated and set out in Part 2.

PART 3 – SECTION B
STAKEHOLDER SUB-COMMITTEE

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B. STAKEHOLDER SUB-COMMITTEE

1. Overview

1.1 The Combined Authority appoints a Sub-Committee, known as the Stakeholder Sub-Committee.

1.2 The purpose of the Stakeholder Sub-Committee is to take decisions on behalf of the Combined Authority, to represent the interests of the Combined Authority as shareholder and to ensure the satisfactory performance of any Company (as defined in 1.3 below) to protect the Combined Authority's interests as shareholders.

1.3 Any reference in these terms of reference to "Company/Companies" covers the activities of the Combined Authority's subsidiary companies (being any companies or other bodies corporate in which the Combined Authority has a controlling interest) & Merseytravel.

2. Membership and Arrangements

2.1 Composition

The Stakeholder Sub-Committee will be composed of 8 Members drawn from the Combined Authority and will be as follows:

(a) The Directly Elected Combined Authority Metro Mayor;

(b) 6 Constituent Council Members; and

(c) The Local Enterprise Partnership Member.

2.2 Chair

The Metro Mayor or, in his or her absence, the Deputy Mayor/Chair shall Chair all meetings of the Stakeholder Sub-Committee when present.

2.3 Quorum

No business of the Stakeholder Sub-Committee shall be transacted unless at least three Constituent Council Members or substitute Members appointed are present.

3. Meetings and Procedure

3.1 The Stakeholder Sub-Committee will conduct business in accordance with the overview and scrutiny rules, meeting standing orders, access to information rules and other standing orders, codes and protocols set out in Part 4 of this Constitution.

3.2 The Chief Executive, the Executive Director of Corporate Services, and the Chief Legal and Monitoring Officer will be advisors to the Stakeholder Sub-Committee, in order to provide open and strong advice. The Stakeholder Sub-

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Committee and/or those Officers may invite additional advisors to attend the meetings as required. An Officer will not act as an advisor to the Stakeholder Sub-Committee in relation to a Company if they are one of its Directors, and an appropriate alternative advisor will be identified.

3.3 Non-Executive Members may also be appointed on an ad hoc subject specific basis or be a Standing Member of the Stakeholder Sub-Committee, to assist with providing expert help, oversight and ensure delivery.

3.4 It is anticipated that the Directors from any of the Companies will be invited to attend the meetings to present information and to seek advice.

4. Functions

4.1 The Stakeholder Sub-Committee will be responsible for the following functions:

- (a) Monitor the performance of a Company in relation to its Business Plan and, in particular, the Company's performance:
- (i) on financial matters;
 - (ii) against the social goals of the Company as set out in the Company's Objects, Business Case or Business Plan; and
 - (iii) against the values of the Combined Authority.
- (b) Evaluate and monitor:
- (i) the financial and social returns on investment (be that shareholding, loans or direct investment); and
 - (ii) risks and opportunities including those arising from joint ventures or new opportunities.
- (c) Consider matters reserved to the Combined Authority for shareholder approval, such as:
- (i) varying Articles of Association;
 - (ii) varying the nature of the Company's business;
 - (iii) varying ownership and structure (including setting up a subsidiary);
 - (iv) variations to shares;
 - (v) entering arrangements, contracts or transactions that:
 - have a material effect on the business of the Combined Authority (including other Companies within the group); and
 - are outside of the business plan or do not relate to the business of the Company.
 - (vi) any acquisition or disposal of a property interest or substantial part of the Company's assets other than in accordance with the business plan;
 - (vii) material legal proceedings outside of ordinary business;
 - (viii) adopting and amending business plans each year and strategic plans (3 years);
 - (ix) appointment, removal and the remuneration of Directors (Members of the Company Board);
 - (x) selection of the Chair;
 - (xi) appointment of Auditors;
 - (xii) issue of dividends or distribution of any surplus as more particularly set out in a Company's Articles of Association or

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Shareholder Agreement.

- (d) Monitor the performance of any Companies or other corporate entities in which the Combined Authority has a minority or other non-controlling interest and make formal recommendations as to how any voting rights or other powers which the Combined Authority holds should be exercised.
- (e) Report and make formal recommendations to the Combined Authority, directly meeting as it sees fit.
- (f) Make reports to and consult other Committees of the Combined Authority, in relation to the Stakeholder Sub-Committee's particular functions.

4.2 The Stakeholder Sub-Committee will not have operational control over the Companies. All decisions regarding the day to day operation of each Company, its business developments and commercial opportunities, staff terms and conditions and the development and implementation of its internal procedures, rest with the Directors of each Company.

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