

FINAL - AUGUST 2020

MANCHESTER CITY COUNCIL CQHN COMPANIES' DELEGATIONS MATRIX

This Delegations Matrix sets out the levels at which decisions are to be taken as between each of the three companies and the Council as ultimate shareholder.

Under the Articles of HoldCo, TradeCo, and SupplyCo, the companies will be subject to the Delegations Matrix.

Notes:

1. This Delegations Matrix is to be reviewed annually at the respective annual general meetings (or equivalent) of both Holdco and TradeCo/SupplyCo, as part of which any proposed variations can be raised. In all cases the final decision on the Delegations Matrix shall, in the case of HoldCo rest with the Council (Commercial Board for endorsement and Chief Executive for formal approval) as ultimate shareholder, and with HoldCo in relation to its subsidiaries.
2. Holdco and TradeCo/SupplyCo Boards, and their Directors, shall in all cases consider whether a matter for decision may require reference to MCC, notwithstanding the delegations below. This may be due to the reputational or other potential impacts on MCC as shareholder or where the matter for decision is contrary to the Business Plan. This will include any matter for decision which may cause the Council to be in breach of, or otherwise act in contrary to, the terms of any agreement entered into by the Council with third parties relating to the CQHN.
3. Where in this Delegations Matrix reference is made to the "Business Plan" or equivalent lower tier plan, this shall mean an express reference in the Business Plan, to a course of action in some meaningful way related to the Activity in question.
4. A reference to the "Business" is to the activities of HoldCo, TradeCo and SupplyCo as set out in the Articles and/or Business Plan.
5. This Delegations Matrix may be supported by an Operating Protocol detailing lines of reporting and liaison, officer/member/director roles, and the like. This Protocol is not part of the Companies' formal constitutional documentation and may be amended from time to time.

	Activity	Shareholder (MCC)	HoldCo	TradeCo	SupplyCo
	Corporate matters				
1	Amending Articles	Decision	HoldCo may decide on TradeCo or SupplyCo Articles (unless engaging another "Activity" subject to MCC approval) Propose to MCC any changes to HoldCo Articles	Propose to HoldCo	Propose to HoldCo
2	Amending the Delegation Matrix	Decision	As between HoldCo and SupplyCo/TradeCo, HoldCo will decide amendments to the Matrix	Propose to HoldCo	Propose to HoldCo
3	Ceasing to carry on the Business or the carrying on of the Business on any materially reduced scale or the commencement of any new business not being ancillary or incidental to the Business. This applies in respect of any such decision at any tier (i.e. whether HoldCo, TradeCo, or SupplyCo).	Decision	HoldCo to recommend		
4	Making any petition or passing any resolution to wind up or making any application for an	Decision	HoldCo to recommend		

	administration or winding up order or any order having similar effect or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator (save as expressly contemplated by the Articles or as required by Law). This applies in respect of any such decision at any tier (i.e. whether HoldCo, TradeCo, or SupplyCo).				
5	Acquiring, or investing in, another company or business or the incorporation of any Subsidiary (whether by HoldCo or by TradeCo or SupplyCo).	Decision	HoldCo to recommend		
6	Expanding, developing or evolving the business not as contemplated in the Business Plan.	Decision	HoldCo to recommend		
7	Entering into or participating in any joint venture, partnership or other profit-sharing arrangement with any person or making any amendment or variation to any such arrangement.	Decision	HoldCo to recommend		

8	Changing the name of the company	Consultation with The Leader and Chief Executive	Decision	Propose to HoldCo	Propose to HoldCo
9	Making any change in corporate structure to address legislative or regulatory requirements.	Decision	HoldCo to recommend		
	Company Directors				
10	Appointing or removing any director.	Decision	HoldCo to recommend		
	Finance				
11	Appointment of and making any change to Auditors or accounting reference date.		Decision	Propose to HoldCo	Propose to HoldCo
12	Changing accounting and reporting policies (otherwise than as recommended by the Auditors to comply with generally accepted accounting standards).	Decision if impacts MCC accounting treatment	Decision unless impacting on MCC accounting treatment	Propose to HoldCo	Propose to HoldCo
13	Approval of statutory accounts.	Approval of HoldCo A/Cs	Approval of TradeCo and SupplyCo A/Cs		
14	Declaring or paying any distribution in respect of profits, assets or reserves or in any other way reducing the reserves of the company.		Decision for all companies	Propose to HoldCo	Propose to HoldCo
15	Writing off debts.	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo

16	Making any agreement with any revenue authorities or any other taxing authority or making a claim, disclaimer, election or consent of a material nature for tax purposes in relation to any of the Companies or their business, assets and/or undertaking.		Decision for all companies	Propose to HoldCo	Propose to HoldCo
17	Creating any borrowings or other indebtedness or obligation in the nature of borrowings (including obligations pursuant to any debenture, bond, note, loan stock or other security and obligations pursuant to finance leases) except as specifically provided for in the annual budget for the relevant Accounting Period.	Decision	Holdco to recommend		
18	Requests for drawdown of funding from MCC or HoldCo.	MCC decision where funding to be drawn down from the Council	Decision to request for all companies where being drawn down from MCC. HoldCo decision where funding to be drawn down from HoldCo.	Propose to HoldCo	Propose to HoldCo
19	Creating any encumbrance (or allowing one to subsist) over all or any part of the	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo

	business, undertaking, property or assets of any of the companies.				
20	HoldCo, TradeCo or SupplyCo giving any guarantee, indemnity or security in respect of the obligations of any other person.	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo
21	Amalgamating, merging, consolidating, selling, transferring or entering into a lease or licence which, in any case, materially alters, or in any other way disposes of, all or a substantial part of the business, undertaking, property or assets of any of the Companies, whether by a single transaction or series of transactions related or not.	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo
Business Plans					
22	Approval and adoption of the Business Plan.	Decision of initial Business Plan, delegating responsibility to HoldCo thereafter	Holdco to recommend for initial Business Plan, then HoldCo makes the decisions from the end of first year of trading		
23	Undertaking activities outside the scope of the Business Plan.	Decision	Holdco to recommend		

24	Approval and adoption of an Operating Plan, Operating Protocol or equivalent.		Decision for all companies	Propose to HoldCo	Propose to HoldCo
	Operational				
25	Quarterly Reporting inc. risk management, operating and financial performance	Review	HoldCo to submit to MCC		
26	Monthly Reporting inc. risk management, operating and financial performance		Review	TradeCo to submit to Holdco	SupplyCo to submit to Holdco
27	Adopting and varying the Procurement Policy or any other operational policies	Decision for initial Procurement Policy, with variations delegated to HoldCo	Decision for all companies	Propose to HoldCo	Propose to HoldCo
28	Procurement of works, services and supplies, contracting and/or entering into a commitment to contract expenditure - in each case within the parameters of Business Plans.	Decision on contracts over £250,000 and approval of waivers over £50,000	Decision on contracts under £250,000 and approval of waivers under £50,000	Propose to HoldCo	Propose to HoldCo
29	The variation/extension of any agreements with Vital or CEF. (Unless expressly provided for in the Business Plan)		Decision	TradeCo to recommend	N/A
30	The entering into, or variation/extension of, any off-take agreements, supply agreements (including for		Decision	TradeCo to recommend	SupplyCo to recommend if relevant to its business.

	electricity, gas, water), or equivalent agreements. (Unless expressly provided for in the Business Plan)				
31	The variation/extension of any other contracts for works/services/supplies (Unless expressly provided for in the Business Plan).		Decision - Approval where proposed value of the variation / extension is an increase of over £50,000. In the case of cost savings / reductions and increased / additional income, the threshold is unlimited.	Decision - Approval where proposed value of the variation / extension is an increase of up to £50,000. In the case of cost savings / reductions and increased / additional income, the threshold is unlimited.	Decision - Approval where proposed value of the variation / extension is an increase of up to £50,000. In the case of cost savings / reductions and increased / additional income, the threshold is unlimited.
32	The variation/extension of any customer supply contracts. (Unless expressly provided for in the Business Plan)		Decision - Approval where proposed value of the variation / extension is an increase of over £50,000. In the case of cost savings / reductions and increased / additional income, the threshold is unlimited.	Decision - Approval where proposed value of the variation / extension is an increase of up to £50,000. In the case of cost savings / reductions and increased / additional income,	Decision - Approval where proposed value of the variation / extension is an increase of up to £50,000. In the case of cost savings / reductions and increased / additional income,

				the threshold is unlimited.	the threshold is unlimited.
33	Where not covered in a previous line item, entering into any contract, liability or commitment (or series of connected contracts, liabilities or commitments) unless expressly provided for in the Business Plan approved by the Council.	Decision on contracts over £250,000 and approval of waivers over £50,000	Decision on contracts under £250,000 and approval of waivers under £50,000	Propose to HoldCo	Propose to HoldCo
34	Terminating any agreements which are material to the business.		Decision for all companies	Propose to HoldCo	Propose to HoldCo
35	Appointing any employee with an annual salary in excess of £50,000 p.a.	Decision for all companies	HoldCo to recommend		
	Claims and proceedings				
36	The initiation, conduct (including defence), settlement or abandoning of any claim, litigation, arbitration or other proceedings with an estimated quantum (excluding interest and costs) in excess of £50,000 except in any case in relation to:	Decision for all companies if above the stated threshold	Decision for all companies if below the stated threshold	Propose to HoldCo	Propose to HoldCo

	<ul style="list-style-type: none"> debt collection in the ordinary course of the Business not exceeding the sum of £50,000 for any single claim; or any Related Claim. <p>For these purposes the estimated quantum is the value of the claim and not the legal or other costs.</p>				
	Land				
37	In the ordinary course of business under the Business Plan, entering into deeds in respect of properties (easements, wayleave, consents or other impact on title).		Decision	Decision	Decision
38	Acquiring, disposing or agreeing to acquire or dispose of any asset, any interest in any asset (including the exercise of an option) or any other land or buildings.	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo
39	Agreeing or carrying out the sale of any property.	Decision	HoldCo to recommend	Propose to HoldCo	Propose to HoldCo
	General				
40	Any other matters not covered in this Delegation Matrix.		Decision for all companies	Propose to HoldCo	Propose to HoldCo

41	The making of any donation.	Decision for all companies	Propose to MCC in all cases	Propose to HoldCo	Propose to HoldCo
42	Making any press, etc. announcements or releases of whatever nature.	Decision for all companies where the nature of the press, etc. announcement or release would cause material impact for MCC or be likely to	Decision subject to proviso	Decision subject to proviso	Decision subject to proviso
43	Entry into confidentiality agreements.		Decision for all companies where that agreement would have adverse impact on the carrying out of the Business Plan	Decision subject to proviso	Decision subject to proviso