



## **Active Lancashire Limited**

### **BOARD TERMS OF REFERENCE**

#### **Overview**

1. These Terms of Reference provide a framework for the governance of Active Lancashire (AL). AL is a company limited by guarantee and also a charity. Guarantor is provided by Lancashire County Council (the Council).
2. These Terms of Reference provide a reference point for Board members to ensure our business is effectively managed and expectations of stakeholders are met.
3. The Board is ultimately responsible for the overall control and management of risks of the affairs of Active Lancashire, including the monitoring of performance of all its functions and determination of resources to meet its financial and other obligations. It must ensure the financial viability of Active Lancashire and any projects it commissions.

#### **Governance**

1. The Board is responsible for ensuring it has, collectively the required competencies to manage Active Lancashire.
2. The overall role of the Board is to manage the affairs of Active Lancashire. The Board has ultimate responsibility to:
  - 2.1. to establish and ensure compliance with strategic objectives and core values;
  - 2.2. set a positive culture, with a strong customer focus. Leading by example, with strong stakeholder focus – maintaining the highest standards expected of company directors;
  - 2.3. make key decisions on new business;
  - 2.4. satisfying itself as to the integrity of financial information, developing budgets, business plans and annual accounts to ensure that the organisation operates effectively, efficiently and economically;
  - 2.5. approve, monitor and review key policies, plans and documents;
  - 2.6. approve, monitor and review delegations of authority and systems of internal control;

- 2.7. manage risk across the activities and operations of the organisation;
  - 2.8. ensure compliance with legislative and regulatory requirements; and
  - 2.9. manage conflicts of interest.
3. The matters reserved to the Board are set out in the Scheme of Delegation.
  4. The Board may delegate, or withdraw, authority for carrying out Active Lancashire's activities to officers, the company secretary, committees or working groups, but retains the responsibility and legal liability for all actions taken in its name.
  5. The Board is committed to embedding our core values (Working Together, Everyone Counts, Forward Thinking, Influencing Change, Passion and People First) and principles to adhere to high standards of ethics.
  6. The Board is committed to ensuring that Active Lancashire, the Board and directors act within the highest standards of corporate governance with reference to the Articles of Association, UK Sport Code of Governance, and all relevant statutory and regulatory bodies and frameworks.

### **Financial Viability**

1. All corporate financial plans, budgets, and business cases for the business shall adhere to the following general requirements:
  - 1.1. to ensure sufficient liquidity at all times;
  - 1.2. to base financial forecasts on appropriate and reasonable assumptions;
  - 1.3. to have effective systems in place to monitor and report on delivery; and
  - 1.4. to meet all covenants and requirements of its funders.

### **Risk**

1. The Board will:
  - 1.1. embed the principles of proactively assessing and managing risk;
  - 1.2. adhere to the Risk Policy and consider risk as part of making any decisions including under the Scheme of Delegation;
  - 1.3. establish and oversee the risk strategy and management for Active Lancashire, including identification, appetite, mitigation, and tolerance, and receive regular reports;
  - 1.4. establish a comprehensive performance management and improvement framework for Active Lancashire, and receive regular reports, such as finance (including tenant arrears), estates, maintenance, recruitment, health and safety;
  - 1.5. ensure that there is a sufficient, systematic review of internal control arrangements for Active Lancashire, with efficient, effective and economic use of resources, and financial reporting controls. With any weaknesses identified, reported and mitigated and / or corrected;

- 1.6. receive reports on any actual, attempted or potential fraud, whistleblowing, or other financial irregularities, and to consider what action should be taken, and whether any changes to internal controls are required;
- 1.7. create a transparent and open governance culture with a speak up culture;
- 1.8. approve the scope for internal and external audit services, appointment, working relationships, termination, and their reports and recommendations;
- 1.9. regularly review the provision of internal and external audit services, and tender audit services in line with best practice.

## **Board Composition**

1. Lancashire County Council has the right to appoint and to remove Directors and to appoint replacements.
2. The Board will undertake an annual review of its effectiveness, identifying any gaps in skills which need to be addressed.
3. The Board will consist of not less than 3 and not more than 12 Directors. If the Directors shall at any time be reduced in number of less than the minimum number it shall be lawful for them to act as Directors for the purpose of calling a general meeting of the Company, but not for any other purpose. For so long as it remains a Member of the Company, Lancashire County Council shall be entitled to appoint up to a maximum of 25% of the total number of Directors (3). Where there is a minimum of three Directors, at least two Directors must also be nominees of the Council. Additionally, for so long as they remain Members, Lancashire County Council shall also be entitled to appoint additional Directors with such experience, skills and knowledge as they consider appropriate and to remove from office any Director so appointed.
4. Lancashire County Council may appoint any person willing to act, to be an alternate Director at any time. Directors other than the Lancashire County Council Directors shall not be entitled to appoint alternate Directors.
5. A Director will initially be appointed for a term of 4 years, with the Board of Directors, in consultation with the Member(s), being able to re-appoint for a second term of office as appropriate. Individuals cannot serve more than 2 terms of 4 years, unless there is a gap period between appointments of 4 years. The Board, in consultation with the Member(s) reserves the right to act in a discretionary manner to provide an extension of up to 1 year for a Director undertaking the Chair function to enable business and leadership continuity and effective transition to the following Board Chair. No Director will serve more than 9 years in total as a Director of the company.
6. The company has formally adopted a target that the representation of Directors shall be diverse, and will, where possible have a minimum of 30% of each gender serving as Directors.
7. Each Board member shall be appraised and their skills and performance assessed, every four years.
8. Lancashire County Council shall have the sole and exclusive right to appoint any person (whether already a Director or not) as the Chair of the Board. If Lancashire County Council fails to make any such appointment, the Chair shall, by default be a Council-appointed Director. The Council may also terminate the Chair's appointment at any time.

## **Meetings**

1. There will be at least four Board meetings a year.

2. The quorum for Board meetings is 3 Directors for the time being appointed, one of which must be a Lancashire County Council Director except that if at any time there shall be less than 3 Directors then the quorum shall be the number of Directors for the time being appointed.
3. The Chair of the Board will have a casting vote.
4. The Board may invite any person (such as staff members or other professional advisors) to attend meetings of the Board in an advisory capacity as they feel appropriate.
5. Directors may participate in meetings remotely by telephone, videoconference or other electronic means.
6. Should urgent decisions need to be taken between meetings of the Board (i.e. any decision which could not reasonably wait until the next meeting of the Board), these shall be taken as follows:
  - 6.1. **As a Virtual Meeting:** it is recommended that a telephone or video conference meeting should be held in which as many directors as possible participate. This allows directors the opportunity to discuss the matter and ask questions. Such virtual meetings must be quorate as with a face-to-face meeting (any 3 directors). Any director who cannot attend should still be sent the relevant papers and have the opportunity to give their views to the chair, another director or the company secretary before the meeting;
  - 6.2. **Via Written Resolution:** If the matter is routine and discussion is not necessary or a virtual meeting cannot be convened in time, the approval of all the directors may be obtained by means of a written resolution, which can be sent and responded to via email;
  - 6.3. In all cases, however, the procedures should balance the need for urgency with the overriding principle that each director should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the commitment of the company;
  - 6.4. Any such decision shall be reported on in full to the Board at the next Board meeting.

### **Committees and Working Groups**

1. The Board may delegate, or revoke, specific powers under written and approved terms of reference to committees of the Board or working groups. Committees and working groups will provide regular reports to the Board on their discussion and actions taken under their delegated powers.
2. The Board shall decide the membership and quoracy of such committees, ensuring that one director is a member and other such persons as the Board thinks fit. Membership of any committees shall also reflect the membership of the Board, insofar as is practical and possible.
3. The Board will regularly review the committees and working groups' remit and terms of reference, and stand down any that are no longer needed.

### **Minutes**

1. Draft minutes of meetings shall be circulated to the Chair of the Board for approval within 10 working days of the meeting.
2. Minutes of meetings will be presented to the next Board meeting.

**Conflicts of Interest**

1. Directors must comply with the Conflicts of Interest Policy, Articles and Companies Act 2006 in respect of any conflicts or potential conflicts of interest.
2. Directors must complete declarations of interest on at least an annual basis.
3. All conflicts or potential conflicts will be recorded in the Register of Interests.

**Review**

These Terms of Reference will be reviewed annually.

Approved by the Board of Directors:

A handwritten signature in black ink, appearing to read "Brian Cookson", followed by a horizontal line.

Brian Cookson, Board Chair