

SCHEDULE 1 – RESERVED MATTERS

The table below sets out the Reserved Matters that are reserved to the Council or the Company (as detailed)

The Delegations Matrix is to be reviewed annually at the annual general meeting (or equivalent) of the local energy company, as part of which any proposed variations can be raised by the company.

The local energy company Board, and its Managing Director, shall in all cases consider whether a matter for decision may require reference to Leadership Team and Shareholder Committee, notwithstanding the delegations below e.g. due to the reputational or other potential impacts on the Council as shareholder or otherwise.

Please note that Special Purpose Vehicle (SPV) is a term used to describe the new local energy company, which is 100% owned by the Council.

| | Activity | Council | SPV Board | SPV Managing Director |
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| Corporate Matters | | | | |
| 1. | Amendments to the Delegation Policy: <ul style="list-style-type: none"> • as between RBKC and SPV; • as between SPV Board and SPV Managing Director | Decision | Recommendation Decision | |
| 2. | Approval and adoption of the Rolling 3-year Business Plan reviewed annually and material amendments thereto. | Decision | Recommending and implementing Business Plan | Drafting and updating Business Plan |
| 3. | Material alteration of the nature/scope of the business, closing down/ commencing any new business, which is not ancillary or otherwise incidental to the Business Plan and/or Articles. | Decision | Recommendation | |
| 4. | Acquiring, disposing or agreeing to acquire or dispose of any tangible, physical asset of the Business (or intellectual property rights held by RBKC), any interest in any asset of the Business (including the exercise of an option). | Decision where not ancillary or otherwise incidental to the Business Plan | Decision where ancillary or otherwise incidental to the Business Plan | Decision if below £50k per event where ancillary or otherwise incidental to the Business Plan |
| 5. | Declaring or paying any distribution in respect of surpluses, assets or reserves of SPV. | Decision | Recommendation | |
| 6. | Forming any Subsidiary | Decision if not identified within the Business Plan | Decision if identified within the Business Plan | |
| 7. | 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. | Decision where not ancillary to the delivery of the Business Plan. | Recommendation <u>or</u> decision where ancillary to the delivery of the Business Plan | |

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| 8. | Alteration of authorised or issued share capital, or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital, of SPV. | Decision | Recommendation | |
| 9. | Making any petition or passing any resolution to wind up SPV or making any application for an administration or winding up order or any order having similar effect in relation to SPV or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator. | Decision | Recommendation | |
| 10. | Merging with another company | Decision | | |
| Operational matters | | | | |
| 11. | Recruitment and selection of individuals. | Decision to appoint 2 Resident Board Members, 2 Industry Non-Executive Directors, permanent Managing Director and replacement Council Directors Decision for any staff salary > £100k/annum. | Project Sponsor to appoint interim Managing Director during company-startup and ahead of Financial Investment Decision. Decision for any appointments between £50k and £100k (or decision of an SPV Recruitment Committee) | Appoint any SPV role <£50k per annum |
| 12. | Constituting a committee of the SPV board | Decision | | |
| 13. | Agreeing and amending the Business Plan | Decision | Recommendation | Decision if below £50k (annualised) |
| 14. | Procurement of works, services and supplies, contracting and/or entering into a commitment to contract expenditure - in each case within the parameters of the Business Plan. | Decision on contracts over £250,000 and approval of waivers over £50,000 | Decision (subject to line 22) | Decision if below £50k (contract value) **NOTE: sign-off by two SPV Directors required** Decision if below £50k **NOTE: sign-off by two SPV Directors required** |
| 15. | Submission of any planning application (or appeals). | Decision | Recommendation | |
| 16. | Approving expenditure that is reasonably likely to result in additional finance or debt funding being requested from the Council | Decision | | |

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| 17. | Entering into deeds in respect of properties (easements, wayleave, consents or other | | | Recommendation* (to be approved by Planning Authority and freeholder) |
| 18. | Termination of or variation to secondment arrangements. | | Decision | Decision if below £50k (annualised) |
| 19. | Entry into confidentiality agreements. **NOTE: all such confidentiality agreements shall not preclude the sharing of information with Leadership Team/ Refurbishment Programme Board ** | | Decision | Recommendation |
| 20. | Variation to contract | Decision where material amendments to contracts in excess of £100k. | Decision where material amendments to contracts in excess of £50k. | Decision where material amendments to contracts less than £50k. In the case of cost savings / reductions and increased / additional income, the threshold is unlimited. |
| 21. | Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against SPV, except in relation to debt collection in the ordinary course of business (where the claim, proceedings or other litigation has a potentially material impact on the reputation of Leadership Team/SPV or has a potential material cost implication for Leadership Team/SPV) | Approval required where the claim, proceedings or other litigation has a potentially material impact on the reputation of Council/ Refurbishment Programme Board /SPV or has a potential material cost implication for Council /Refurbishment Programme Board/ SPV. | All claims, proceedings or other litigation not subject to column 3. | |
| 22. | Termination by SPV contractors, where this will have a material impact on the delivery of the Council or heat network customers. | Decision | Recommendation | |
| 23. | Entering into of material contracts not contemplated by the Business Plan or investment decisions taken by the Leadership Team/Council in respect of RBKC | Decision | Recommendation | |
| 24. | Entering into contracts which may impact on the Council's statutory functions, commercial interests or reputation | Decision | | |

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| 25. | Selling, leasing, charging or otherwise disposing of a substantial part of the Business and/or assets outside of the scope of Business Plan. | Decision | Recommendation | |
| 26. | Granting any rights over any intellectual property owned by the SPV | Decision | | |
| Finance | | | | |
| 27. | Agreeing the SPV's remuneration policy and any material variations to it | Decision | | |
| 28. | Approving the payment of any financial benefit to a director or a person connected to a director for a service provided to the SPV outside of their role as a director | Decision | | |
| 29. | Changing the accounting reference date | Decision | | |
| 30. | Approving any dividend policy and any material variation thereto and approving the payment of any dividend | Decision | | |
| 31. | Creating any kind of encumbrance over the SPV's assets | Decision where the creation of the encumbrance is outside of the ordinary course of business | | |
| 32. | Approval of statutory accounts. | | Decision | |
| 33. | Changing accounting and reporting policies of SPV. | Decision | Recommendation | |
| 34. | Draw down by SPV of grants and loans from RBKC. | Decision (subject to Funder's approval) | Recommendation subject to the terms of the on-lending agreement | Recommendation |
| 35. | Approving the repayment of the external loans (other than in accordance with the terms of the agreement signed by Leadership Team). | Council | Recommendation (e.g. early repayment) | |
| 36. | Entering into (or agreeing to enter into) any borrowing or leasing arrangement in relation to working capital on behalf of SPV and giving 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 SPV or over any capital of SPV). | Council Decision: Above £500,000 – Leadership Team Between £100,000 and £500,000 – Executive Director in, where considered appropriate, | Decision up to £50,000 | |

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| | | consultation with the member of the Shareholder Committee for Finance and Customer Delivery | | |
| | | Between £50k and £100k – Shareholder Committee | | |
| 37. | Appointment of auditors. | | Decision | |
| 38. | Giving a guarantee, suretyship, bond or indemnity to secure liabilities | Decision where £250,000 or above (calculated on a cumulative basis) | Decision where below £250,000 (calculated on a cumulative basis) Recommendation | |
| 39. | Write down of SPV asset value, or writing off debts | Decision | | |
| 40. | Making any agreement with any revenue authorities or any other taxing authority or making a claim, disclaimer, election or consent of a material nature in relation to SPV, its/ their business, assets or undertakings. | | Decision | |