

**APPENDIX 3 – MEMORANDUM OF UNDERSTANDING**

**THE SHAREHOLDER INTEREST**

The Shareholder Committee recognises its duty to full Council, as the representative of the sole shareholder, to monitor the performance, resilience and risks of the Council's Trading Companies and make recommendations, where appropriate.

The Shareholder Committee, acting as a "critical friend", wants to work in partnership with the Council's trading companies on a proactive basis to ensure their success, specifically:

- Focus and provide effective feedback on the key strategic risks affecting the effectiveness and efficiency of the Council's trading companies;
- Promote an understanding of the Council's trading companies to the membership of the Council and the wider community;
- Learn the lessons from completed projects and make appropriate recommendations.

The Shareholder Committee recognises that:

- The efficient and effective working of the Council's trading companies are essential to the achievement of the Council's corporate objectives;
- The trading companies are central to the achievement of the Council's medium term financial strategy and its long term financial sustainability and self-sufficiency;
- The operational independence and integrity of the Council's trading companies are essential to their effective working and profitability.