



CONSTITUTION

of the Regional Employer's Organisation (Revised November 2024)

West Midlands Employers ('WME') is the Regional Employers' Organisation (the 'REO') owned by subscribing local authorities ('Shareholder Members'). WME serves and supports local government and the public sector through uniting local government employers and other public sector organisations to ensure they attract, develop, and retain a highly skilled, motivated, and productive workforce, with a sustainable talent pipeline to deliver high quality services for the communities we serve.

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WME Governance Information

This Constitution is approved by the WME Shareholder Board and reviewed annually, or as warranted by internal or external events or changes. Changes may be recommended by the Board or the WME Chief Executive. Its purpose is to provide the 'Rules of the REO' and clarity on purpose, ownership and management. This document is filed with the Certification Officer each year with the Annual Return.

Document Control:

Title	WME Constitution (Rules of the REO)		
Originator / Author	Assistant Director Finance & Governance		
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WME Constitution

1. Title of the REO

The organisation shall be known as West Midlands Employers (hereinafter referred to as the 'REO'). The REO is a constituent member of the National Association of Regional Employers together with the Local Government Association ('LGA') and other local government employers' organisations (hereinafter referred to as 'NARE').

2. Legal Status

- 2.1 The REO is an Employers' Association as defined in the Trade Union and Labour Relations (Consolidation) Act 1992 (the 'Act'). In accordance with the provisions of the Act the REO reports to the Certification Officer (as defined in the Act).
- 2.2 The REO is an unincorporated legal entity; the Act makes clear that where an Employers' Association is unincorporated it is (a) capable of making contracts; (b) capable of suing and being sued in its own name, whether in proceedings relating to property or founded on contract or tort or any other cause of action; and (c) proceedings for an offence alleged to have been committed by it or on its behalf may be brought against it in its own name.
- 2.3 The REO and its Shareholder Members (constituent authorities) shall operate in accordance with the rules as set out in this Constitution.
- 2.4 The REO will provide a mechanism through which to manage any historic liabilities of the predecessor body West Midlands Councils (WMC) as defined in its constitution (the 'WMC Shell Constitution') (revised January 2016, updated April 2020) as amended from time to time ([Appendix A](#)).

3. Registered Address

Registered address is Room 101, JQ Modern, 120 Vyse Street, Birmingham B18 6ND.

4. Purpose and Key Activities

- 4.1 The REO aims to be an active and influential Employers' Association for local government in the West Midlands (the 'Region'). It will facilitate the Provincial Council local authority function of fostering strong industrial relations with trade unions and their elected members to provide a forum for dispute resolution. It will also be advising, supporting, and representing the Shareholder Members and other subscribing employer bodies or public sector organisations in the broad fields of workforce and people management, employment relations and employee /organisational development and transformation. The REO aims to unite local government employers and other public sector organisations, to ensure they attract, develop, and retain a highly skilled, motivated, and productive workforce that delivers high quality services for the communities we serve.
- 4.2 Key Activities: -
The REO aims to power success by delivering impact, promoting collaboration, representing the Region, and inspiring innovation. Including but not limited to:
 - (i) Providing, on behalf of the Shareholder Members, their contribution to employment relations functions within the Region, both in pursuit of a constructive and positive relationship at local and regional levels together with a conciliation support service.
 - (ii) Providing information, advice, direct support and a wide range of consultancy expertise to Shareholder Members across the broad field of workforce and people management, promoting best practice in workforce and organisational development.

- (iii) Providing a range of products and services covering the employee lifecycle and organisational development.
- (iv) Commissioning and procuring shared services for a 'community of interest' securing quality and value for Shareholder Members and other public sector organisations
- (v) Representing the views of Shareholder Members, acting as the interface with the LGA, its agencies, and other relevant national bodies on matters relating to employment and the development of staff.
- (vi) Coordinating and facilitating as necessary, a range of professional networks to support improvement, share best practice, to jointly consider and respond to emerging issues of concern and relevance to Shareholder Members in relation to people and organisational development.
- (vii) Facilitating and supporting the exchange of information and dissemination of best practice across Shareholder Members in relation to matters directly affecting the employment and development of staff within and across the public sector.
- (viii) Identifying and developing opportunities for joint working with other agencies representing and relating to local government in the Region on relevant matters and initiatives.
- (ix) Create a hub of collaboration and innovation with a future focus and act as a convener of people and partners.
- (x) Administration of the WMC Shell Constitution and related activities in accordance with the WMC Shell Constitution.

5. Membership of the REO

5.1 There shall be two categories of Subscription Membership of the REO;

- (a) **Shareholder Membership** is offered to each Metropolitan Borough, County, Unitary, and District Council in the Region (currently 33) who wish to have membership of the REO and subscribe to its services on an annual basis in accordance with the provisions of this Constitution. Shareholder Members by virtue of their subscription, share in the ownership, assets, and liabilities of the REO. Each Shareholder Member shall be represented on the REO Shareholder Board.
- (b) **Corporate Subscription** is offered to other public sector organisations (such as Fire and Rescue, individual Police Forces, Children's Trusts, the West Midlands Combined Authority, Multi Academy Trusts, Parish and Town Councils, NHS bodies, Voluntary Community Groups, Universities and Colleges) primarily, but not limited to, the geographical area of the Region (Birmingham, Black Country, Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire) who wish to subscribe to receive services from the REO on an annual basis. The REO provides its services to these organisations via an annual subscription service with additional benefits (as amended from time to time). These organisations DO NOT share in the ownership, assets, or liabilities of WME, they are NOT represented on the REO Shareholder Board or any Shareholder Board related governance structures and have no decision-making powers whatsoever.

5.2 In addition to the services detailed at [5.1] the REO may offer its services on a commercial basis to a wide range of non-member organisations and other REOs that do not have a Subscription Membership. These services shall be subject to separate agreements between the REO and organisations that do not hold a Subscription Membership.

5.3 The REO may offer optional chargeable services to organisations that hold a Subscription Membership as per [5.1] at preferential 'member' rates. These services will be subject to separate agreements between the REO and the organisation holding the Subscription Membership.

Shareholder Local Authority Trading Companies

5.4 A Shareholder Member may request their membership includes their Trading Company for the purposes of accessing and receiving WME Shareholder Membership services, and the REO

may accept this inclusion providing that the Shareholder Member's Trading Company meets the following criteria:-

- The Shareholder Member must own at least 75% of the Trading Company and the remaining 25% ownership be held by a public sector organisation
- The services provided to the Shareholder Member by the Trading Company must represent core corporate local authority functions/services including HR
- The size of the Trading Company should not exceed 1,000 fixed term employees
- Services provided by the Trading Company must be primarily aimed at the Shareholder Member and wider public sector

- 5.5 The REO services will be delivered to the Shareholder Member, but the Trading Company workforce may access services as if they were employees of the Shareholder Member.
- 5.6 The Trading Company will have no ownership rights nor any decision-making rights over the REO whatsoever, these remain with the Shareholder Member.
- 5.7 The REO reserves the right to monitor the impact of a Trading Company on its service provision to ensure it is not to the detriment of the wider Shareholder Board and has sole discretion to stop providing services to a Trading Company without justification to the Trading Company.

6. Ownership and Control

6.1 Shareholder Members have collective ownership of the REO and through their nominated Shareholder Representative (see Rule 7) on the Shareholder Board, they have collective control over the business of the REO. There is no private sector ownership of the REO and there is no intention that there should ever be any.

6.2 The REO governance structure comprises:-

- (a) the Shareholder Board (made up of elected member representation from all Shareholders Members) (see Rules 7, 8, 9 and 10);
- (b) the REO Business Management Group (made up of the Chair and Vice Chair(s) of the Shareholder Board) (see Rules 10 and 11).
- (c) the REO Employment Committee (made up of three Shareholder Representatives appointed from the Shareholder Board)

6.3 The REO Shareholder Members (see Rule 10 and 11) together have collective ownership of the REO and are responsible for the delivery of the REO purpose and activities, and the administration of the WMC Shell Constitution for pension and other liabilities. The Shareholder Board comprises elected representatives from all Shareholder Members, the 'Shareholder Representatives', providing political oversight and influence and will operate within Terms of Reference approved by the Shareholder Board ([Appendix C](#)) (see Rule 10).

6.4 The REO Shareholder Board will elect a Chair and Vice Chair(s) (maximum 3 Vice Chairs) out of the Shareholder Representatives who will also be appointed to serve on a Business Management Group (a sub-committee of the Board see Rule 8.12-8.14), with responsibility for regular engagement with the REO in support of general management of its business. The Business Management Group will operate within the Terms of Reference approved by the Shareholder Board ([Appendix C](#)).

6.5 The REO Shareholder Board will appoint Shareholder Representatives to serve on an Employment Committee (a sub-committee of the Board see Rule 8.15-8.16) with responsibility for employment matters. This Employment Committee will operate within the Terms of Reference approved by the Shareholder Board ([Appendix C](#)).

7. Appointments to the Shareholder Board

- a) Each Shareholder Member shall be a part owner (shareholder) in the REO. They will each nominate an elected member from their council to be the Shareholder Representative to represent them on the REO Shareholder Board with decision-making authority to act on their behalf. The Shareholder Representative shall be in post for a minimum of 12 months and up to 4 years (subject to Rule 7(d)) and Rule 10).
- b) Shareholder Representatives will be invited to attend the Shareholder Board meetings and participate in the management, governance, and decisions taken by the REO Shareholder Board in accordance with the provisions of this Constitution and the Act, including the treatment of assets and liabilities.
- c) The Shareholder Representative (or any duly authorised substitute) shall where necessary, exercise the number of votes allocated to their Shareholder Member as set out at Rule 9.
- d) On the occurrence of a Shareholder Board vacancy due to resignation of a Shareholder Representative or any other reason, the Shareholder Member will be invited to appoint a replacement representative.
- e) Shareholder Representatives may be invited to serve on sub-committees (see Rule 8), task and finish groups, or consultative groups established by the REO to contribute to the development of business strategy and delivery of service objectives or effective management of the organisation and its business.

8. Meetings of the Shareholder Board and its sub-committees

Shareholder Board

8.1 The Shareholder Board will operate within Terms of Reference approved by the Shareholder Board ([Appendix C](#)). The REO shall hold at least three meetings of the Shareholder Board each calendar year taking place in July, November and February. The meetings shall conduct the following business:

8.1.1. **July Meeting:** The Annual General Meeting ('AGM') of the Shareholder Board will be held in July of each year. The AGM will conduct the following business:-

- Receive and approve the consolidated Financial Statements of the REO for the previous financial year.
- To make appointments of Shareholder Representatives to serve on the REO Business Management Group, REO sub-committees, NARE, and any other appointments that may be necessary.
- Receive progress reports or be consulted on any emerging business matters.
- Receive the REO Annual Performance Report for the previous year.

8.1.2 **November Meeting:** The Shareholder Board will meet in November of each year to receive the 6 months Performance Report and be consulted on priorities for the development of an Annual Business Plan and Budget for the coming financial year.

8.1.3 **February Meeting:** The Shareholder Board will meet in February to consider and approve the Annual Business Plan and Budget for the next financial year and the related strategic risk register.

8.2 The Shareholder Board will be responsible for approval of;

- Significant changes to governance arrangements including this Constitution, Terms of Reference and the REO Scheme of Delegation ([Appendix B](#))
- The REO 5 year Strategic Plan and Financial Plan including the Shareholder Membership Subscription Model
- The Consolidated Financial Statements of the REO
- Key operational policies of the REO
- Oversight of the Financial Management of the REO including appointment of the REO Treasurer and approval of REO treasury and reserves policies

Shareholder Board approval to routine REO business as per Rule [8.4] will be by a majority show of hands by Board Members in attendance at the meeting. The Chair of the Board (or the Vice-Chair / Acting Chair (defined below) as the case may be) may however determine when a decision requires a 'Vote' in accordance with Rule 9.'

- 8.3 Additional routine business meetings of the Shareholder Board may be called by the Chief Executive where it is absolutely necessary to support the effective management of REO Business, by giving not less than 20 days' notice of an additional meeting.
- 8.4 Meetings of the Shareholder Board will be chaired by the Chair elected at the AGM that year from the Shareholder Representatives. In the absence of the Chair, a Vice Chair may preside and in the absence of a Chair and Vice Chair(s), attendees may elect an acting chair at the commencement of a meeting (the 'Acting Chair') by majority vote.
- 8.5 A meeting of the Shareholder Board shall be deemed quorate where no less than 1/3 (one third) of the total number of Shareholder Representatives are present at the meeting. Where 1/3 of the total number of Shareholder Representatives is not a whole number the number representing 1/3 of Shareholder Representatives shall be rounded down (i.e., 10 if 32 councils are in membership).
- 8.6 The Shareholder Board will ensure appropriate consultation on its Strategic Business Plan and related Subscription Models with any representative groups the REO may wish to establish for this purpose.

Extraordinary Meetings

- 8.7 An Extraordinary Meeting of the Shareholder Board shall be called when the Shareholder Board needs to consider matters of a significant nature impacting on all Shareholder Members, such as a proposed dissolution of the REO or decision with a liability risk. The Chair of the Board may call an Extraordinary Meeting by giving not less than 10 working days' notice to Shareholder Members.
- 8.8 An Extraordinary Meeting shall be deemed quorate where the number of Shareholder Representatives present and where the total of votes capable of being cast at the meeting in person or by proxy meet a minimum of 2/3 (two thirds) of the total number of votes required for a decision to be approved (i.e., 69 of a total of 104 votes if 32 councils are in membership).
- 8.9 In an Extraordinary Meeting a decision to be voted upon and approved by the Shareholder Board requires 2/3 (two thirds) of the votes of the Shareholder Representatives either by hand or by proxy.
- 8.10 The REO may conduct its business meetings through virtual or electronic means whichever is determined as the most practical and time efficient option; providing that the overarching rules of the REO are observed.

Meetings of Sub-Committees of the Board

- 8.11 The Shareholder Board will have at least two sub-committees; (i) the **REO Business Management Group ('BMG')** comprising the Chair and Vice Chair(s) of the Shareholder Board, and (ii) the **Employment Committee** comprising three Shareholder Representatives nominated to serve on this sub-committee one of these Shareholder Representatives shall be the Chair or a Vice Chair. The Shareholder Board will also appoint representatives with appropriate expertise to serve on a Regional Joint Council (see Rule 8.17) which will include nominated representatives from the Trade Unions.

REO Business Management Group

- 8.12 The BMG is responsible for regular engagement with the REO between meetings of the Shareholder Board to ensure effective and timely general management of REO business.
- 8.13 The BMG will meet at least 4 times each calendar year between the Shareholder Board

meetings, usually in January, April, June, and September. The BMG has delegated responsibilities to support effective management and decision making of the REO. The BMG will operate within Terms of Reference approved by the Shareholder Board ([Appendix C](#))

- 8.14 A meeting of the BMG shall be deemed quorate providing at least 2 of the total Shareholder Members that make up the BMG are in attendance. Decisions of the BMG shall be based on a majority show of hands of those present at a BMG meeting and when there is a split decision the Chair shall have the casting vote.

REO Employment Committee

- 8.15 The Shareholder Board has established a sub-committee to deal with employment matters and make recommendations to the Shareholder Board known as the Employment Committee. The Employment Committee comprises three Shareholder Representatives with appropriate expertise, one of which will be the Chair or a Vice Chair of the Shareholder Board.
- 8.16 Meetings of the Employment Committee will be called on an as required basis by the REO or the Chair of the Employment Committee and may be in person or virtual, but the Employment Committee must meet at least once each calendar year. The Employment Committee will operate with Terms of Reference approved by the Shareholder Board ([Appendix C](#)).

Regional Joint Council

- 8.17 The Shareholder Board will also appoint representatives with appropriate expertise to serve on a Regional Joint Council which will include nominated representatives from the Trade Unions. The Regional Joint Council is an executive committee of trade unions and employer representatives. The Regional Joint Council may consider any matter raised to it by either the Employers' Side or the Employees' Side, or as referred to it by the National Joint Council for Local Government Services. The Regional Joint Council will operate in accordance with its own Terms of Reference ([Appendix D](#)).

Chief Officer Advisory Group (COAG)

- 8.18 The REO Chief Executive may establish a voluntary consultation group comprising representatives from Shareholder Members including chief executives, senior professional officers, and elected members as well as other subject experts/stakeholders known as a Chief Officer Advisory Group. A COAG may be used to consult on key business and service development issues, or where a client user view is important, or to provide advice or a view to the Shareholder Board. Meetings may be called by the REO Chief Executive as needed. The COAG may make recommendations to the Shareholder Board.

9. Voting Rights of the Shareholder Board

- 9.1 Generally Shareholder Board decisions will be carried if approved by a majority show of hands of the Shareholder Representatives present at a meeting (see Rule 8.2 relating to general business decisions). Subject to Rule 9.3, if the Chair determines a 'Vote' is necessary at a meeting of the Shareholder Board, or rule (9.3) applies, then the following voting scheme will be used. This scheme is based on the subscription fee structure for the REO (defined in Bands of population served) and the related financial contributions of Shareholder Members (Rule 14).

- Each County, Unitary or Metropolitan Council within Band 1 5 Votes
- Each County, Unitary or Metropolitan Council within Band 2 4 Votes
- Each District or Borough Council within Band 3 2 Votes

- 9.2 The total number of votes assigned to each Shareholder Member shall be revised from time to time based on those authorities in the Region who are a Shareholder Member of the REO (up to a potential total of 106 votes in total across 33 authorities).

- 9.3 Amendments to the REO Constitution in relation to voting rights, liabilities, or a motion for dissolution of the REO will require approval of 2/3 of the votes capable of being cast (by hand or

by proxy) by **all** Shareholder Members in membership of the REO at that time. Where 2/3 of the total number of Shareholder Representatives is not a whole number the number representing 2/3 of Shareholder Representatives shall be rounded down (i.e., 70 of 106 total votes if all 33 authorities were in membership).

- 9.4 The Chair presiding at any Shareholder Board meeting shall not have any casting vote in addition to any vote they may be entitled to as a nominated Shareholder Representative.

10. Nominations to the REO Shareholder Board & Business Management Group

- 10.1 Each Shareholder Authority will be invited to nominate an Elected Member Shareholder Representative to serve on the Shareholder Board as their representative in REO matters.

- 10.2 The Shareholder Representative nominated to the Shareholder Board shall serve for a minimum term of 12 months but ideally up to four (4) years and retire on the day immediately before the date of the AGM (usually in July) in the fourth year. They will be eligible for re-nomination and there is no limit to how long they may serve as their Shareholder Member's representative on the Shareholder Board.

- 10.3 Shareholder Representatives will elect a Chair and three Vice Chair(s) from the representatives of Shareholder Members at the AGM in July. The Vice Chair roles should ideally provide representation from each type of authority i.e., one District Councillor, one Metropolitan Councillor and one Unitary or County Councillor and where possible also offering political and gender balance. Ideally, these appointments should be from 'volunteer' Shareholder Representatives who understand the additional commitment required to undertake the office of Chair and Vice Chair and serve on the Business Management Group. A resigning Chair and Vice Chair(s) will be eligible for re-election each year.

- 10.4 The Chair of the Shareholder Board by virtue of that office, will be the REO Elected Member nominee to the National Association of Regional Employers ('NARE').

- 10.5 The Chair and Vice Chair(s) of the Shareholder Board will be automatically appointed to the Business Management Group, a sub-committee of the Board responsible for regular engagement with the REO in support of general management of REO Business.

- 10.6 In the event that a Shareholder Representative is required to step down from the REO for whatever reason, the Shareholder Member will be invited to nominate a new Shareholder Representative. If the resigning individual also holds an additional office such as on the Business Management Group or the Employment Committee, the Board will be invited to appoint a replacement to the vacated 'office'.

- 10.7 Any Elected Member from the West Midlands who is nominated to serve on the Local Government Association's National Joint Council or other LGA group of interest to the REO, and who is not a Shareholder Representative on the REO Shareholder Board, may be invited to attend a meeting of the REO Shareholder Board, but will have **NO** voting rights.

11. Terms of Reference and Key Responsibilities

- 11.1 At the AGM each year, an REO Business Management Group shall be confirmed to provide more regular engagement with the REO's senior leadership team in support of the general management and routine decision making on REO business between meetings of the Shareholder Board.

- 11.2 The Shareholder Board and its sub-committees will operate with Terms of Reference ([Appendix C](#)) and a REO Scheme of Delegation ([Appendix B](#)) approved by the Shareholder Board and reviewed at least once every three years.

- 11.3 An annual cycle of meetings will be agreed for the REO Shareholder Board and Business Management Group and the REO Chief Executive shall call any additional meetings as required

for the effective management of the REO. The REO operates with a financial year from April to March.

Shareholder Board

- 11.4 The REO Shareholder Board is generally responsible for :-
- good governance and oversight of financial management and policy
 - establishing vision, mission, and values
 - setting strategy and structure
 - exercising accountability to shareholders and being responsible to relevant stakeholders
 - appointment of Auditors and REO Treasurer
 - appointment of the Chief Executive and stakeholder involvement in appointment of Director roles
 - delegation of decision making to its sub-committees

Business Management Group

- 11.5 The REO Business Management Group shall have delegated responsibility for:-
- Consulting upon and supporting the development of the REO Strategic Plan for approval by the Shareholder Board.
 - Reviewing and recommending the REO Annual Business Plan and Budget to the Shareholder Board for approval.
 - Monitoring organisational performance against the Annual Plan and Budget between Board meetings; guiding organisational priorities, policy and strategy.
 - Monitoring of the audit process, recommending the REO Consolidated Financial Statements to the Shareholder Board for approval.
 - Monitoring of REO Reserves Policy, agreeing and recommending use or commitment of non-designated reserves in accordance with the Scheme of Delegation.
 - Appointment of senior officers of the REO as set out at Rule 13.
 - Recommending REO representatives to national bodies, or other Forums or Consultation Groups as required; giving due consideration to a nominee's ability to demonstrate the expertise needed to serve in that capacity.
 - Administration of the WMC Shell Constitution in regard to past pension and other liabilities and the West Midlands Pension Fund Supplemental Agreement.
 - Approval of constitutional amendments that are not the responsibility of the Shareholder Board as set out at Rule 9.3.

REO Employment Committee

- 11.6 The REO Employment Committee shall have delegated responsibility for :-
- Reviewing and approving any employment policies introduced by the REO
 - Approving any contractual arrangements for outsourced employment services to the REO
 - Approving changes to the REO organisation structure and resourcing requirements
 - Hearing and giving a decision on any grievances, complaints or employment matters raised by REO staff
 - Making recommendations to the Shareholder Board in relation to any matters that have impact on the liabilities of Shareholder Members or that require a financial commitment that warrants consideration by the Shareholder Board
- 11.7 The Chair of the Shareholder Board will be responsible for the performance appraisal process for the REO Chief Executive.

12. Observing Service Specific Governance and Contractual Arrangements

- 12.1 With regard to the financial management of the REO, the Shareholder Board, Business Management Group and any other established sub-committee, will be required to take full and proper account of any specific governance and/or contractual commitments entered into by the

REO in respect of services provided through the REO, and in particular, those matters relating to shared or commercial services delivered through a separate service agreement.

- 12.2 The REO Shareholder Board in its role of administrator of WMC Shell business, will need to take full and proper account of the WMC Shell Constitution ([Appendix A](#)).

13. Appointment of REO Officers

The REO Shareholder Board shall be responsible for;

- a) the appointment of the REO Chief Executive Officer
- b) nominating members to participate in a selection panel for appointments of Directors
- c) approving REO restructures leading to redundancies (following a recommendation of the Employment Committee)
- d) appointing the REO Treasurer (generally the Senior Officer for Finance and Governance or an appropriate external nominee if required), who shall be eligible for reappointment on an annual basis.

14. Shareholder Membership Subscriptions

- 14.1 All Shareholder Members will pay an annual subscription each financial year commencing 1 April. The Shareholder Board will approve the REO 5 year Strategic Plan and related Shareholder Subscription Model and any changes to the fee rates proposed.
- 14.2 All Shareholder Member subscriptions shall become due on 1 April each year and the REO Shareholder Board shall have the power to suspend or terminate services to a Shareholder Member whose subscription is not paid by 1 September in that year, following a request in writing sent to the Shareholder Member. The subscription for the year shall remain duly payable and the provisions of Rule 17 will apply in full.
- 14.3 The Shareholder Member subscription will include a contribution to a Workforce Priorities Fund that will be managed by the REO in consultation with Shareholder Members and in line with the REO's annual Business Plan approved by the Shareholder Board. This fund may be managed as a designated reserve within the REO.
- 14.4 The termination of membership and treatment of subscription fees is as set out at Rule 17.

15. Finance and Audit

- 15.1 The Shareholder Board is responsible for the financial management of the REO and oversight of related financial activities and policies.
- 15.2 The REO is responsible for producing Consolidated Financial Statements of its activities including those relating to the WMC Shell. These Financial Statements will be reviewed and approved by the Shareholder Board at the AGM in July following an annual external audit process overseen by the Business Management Group.
- 15.3 The REO is responsible for submitting an annual return to the Certification Office. The Chair and REO Chief Executive will approve the annual return of the REO for submission, following approval of the Financial Statements by the Shareholder Board.
- 15.4 The Shareholder Board will appoint auditors and support annual audit processes as required and appoint the REO Treasurer.
- 15.5 Any REO reserves will be monitored and managed by the Shareholder Board and Business Management Group in accordance with the Reserves Policy and Scheme of Delegation.

16. Liabilities

- 16.1 A statement of liabilities both in relation to the WMC Shell (Supplemental Pension Agreement) and the REO will be included in the REO Consolidated Financial Statements. Each Shareholder Member, whilst it is in membership of the REO, undertakes jointly with each of the other Shareholder Members, to accept and underwrite any liabilities that are not ultra vires and have been incurred in the name of REO and in accordance with this Constitution.
- 16.2 Liabilities that may be realised during the life of the REO will be met by Shareholder Members in accordance with their proportion of the overall subscription base applicable at that time.
- 16.3 Liabilities relating to the WMC Shell will be managed in accordance with the WMC Shell Constitution and in relation to its WMC Pension Liability, in accordance with the West Midlands Pension Fund Supplemental Agreement signed by 33 authorities. The REO has a responsibility to administer this Agreement on behalf of all parties to the Agreement.

17. Termination of Membership of the REO

- 17.1 The REO is a voluntary Employers' Association and any Shareholder Member wishing to terminate their shareholder membership to the REO shall be required to;
- a) serve not less than 15 months' notice in writing to the REO Chief Executive for their Shareholder Membership to expire on 31 March of a given year;
 - b) meet the cost of calculating their share of any REO liability at the point of membership termination, including actuary fees for pension liability calculations and legal fees for drawing up a termination agreement; and
 - c) make any payment in respect of such costs due and any termination liability as calculated, in accordance with the provisions of Rule 16 within 6 months of the final day of membership.
- 17.2 The Shareholder Board will set aside membership termination settlements as a designated 'REO Liabilities Reserve'. Any motion to use the REO Liabilities Reserves for another purpose shall require a recommendation from the Business Membership Group and the approval by the Shareholder Board based on 2/3 (two thirds) of the total votes capable of being cast of all Shareholder Members.
- 17.3 Termination of a Shareholder Membership of the REO does not release any local authority from its obligations in relation to the WMC and the Supplement Agreement with the West Midlands Pension Fund, and WMC Compulsory Added Years payments which will continue in force until their conclusion.
- 17.4 A resigning Shareholder Member shall have NO rights to any assets of the REO as a going concern, these remain vested in the remaining Shareholder Members.

18. Joining (Membership) the REO

- 18.1 The REO Shareholder Membership is available to all authorities in the West Midlands region (currently 33). Any authority not in membership but who wishes to join the REO as a Shareholder Member should submit their request to join in writing to the REO Chief Executive.
- 18.2 The Shareholder Board will approve the application of a prospective Shareholder Member to the REO.
- 18.3 The prospective Shareholder Member will from day one of their membership of the REO, accept all responsibilities of a Shareholder Member including their share of liabilities as at that date and notified to them as part of the onboarding process.

18.4 Changes in membership of the REO will impact on voting rights (Rule 9) and Liabilities (Rule 16). The Shareholder Member will approve the revised votes and liability share percentage and communicate this to all Shareholder Members and ensure governance documents are revised accordingly.

19. Dissolution of the REO

19.1 A Shareholder Representative who wishes to table a motion for the dissolution of the REO must first put their request in writing to the Chair of the Shareholder Board outlining the reasons for this motion from them as an individual Shareholder Representative or their Shareholder Member. The Chair will consider the nature of the request and may either deny the request giving his reasons for such or will put the request out to the Shareholder Board for support. If the request secures 1/3 of the votes capable of being cast by all Shareholder Members (rounding down when not a whole number) the Chair will confirm a successful motion to table a motion for dissolution to the Shareholder Board.

19.2 A successful motion to consider dissolution will then require the Business Management Group to produce a Dissolution Impact Report for the Shareholder Board to consider as part of a dissolution discussion. This report may take up to 6 months to compile due to the wide-ranging implications of a dissolution decision, including the many and varied contractual commitments of the REO.

19.3 The REO Chief Executive will call an Extraordinary Meeting of the Shareholder Board to consider the proposed motion for dissolution and the consideration of the BMG Dissolution Impact Report.

19.4 The Extraordinary Meeting will be presided over by the Chair of the Shareholder Board. Any proposal for dissolution of the REO must be supported by a detailed Dissolution Impact Plan from the Business Management Group giving due consideration to; REO contractual commitments, treatment of REO liabilities or assets, REO responsibilities as an employer, REO responsibilities in respect of its regional role and the Certification Office, and the WMC Shell Constitution and related pension liabilities covered by the Supplemental Agreement.

19.5 Approval of a motion for dissolution of the REO will require the support of 75% of the Shareholder Membership (i.e, 24 of 33 councils) who together have 2/3 (two thirds) of the total votes capable of being cast by all Shareholder Members in membership at that date, either by hand or by proxy. Where 2/3 of the total number of Shareholder votes is not a whole number the number representing 2/3 of Shareholder votes shall be rounded down (i.e., 70 of 106 total votes if all 33 authorities were in membership).

19.6 Approval of dissolution will require the BMG to commission legal support to draft a detailed Dissolution Project Plan and Timeline for approval by the Shareholder Board. The Dissolution Plan should be comprehensive in dealing with the voluntary dissolution of the REO giving consideration to any transfer of responsibilities, maintenance of information and data, novation of contractual commitments, transfer of staff or redundancies, etc. The Shareholder Board should recognise the time required to compile and submit the plan for approval and implementation.

19.7 The apportionment of any liabilities of the REO as a result of dissolution shall be in accordance with Rule 16 and shall require full settlement within an agreed deadline as defined within an approved Dissolution Project Plan.

19.8 The apportionment of any assets of the REO after all liabilities of the REO have been met following dissolution, shall be in accordance with the individual Shareholder Member's proportion of the overall subscription base applicable at the time of dissolution of the REO.

Appendix A: West Midlands Councils Shell Constitution (April 2020)

Appendix B: Scheme of Delegated Decision Making (November 2024)

Appendix C: Terms of Reference: Shareholder Board; Business Management Group; Employment Committee (November 2024)

Appendix D: Regional Joint Council – Joint Working Protocol