

Cherwell District Council

Executive

7 February 2021

Shareholders Agreement – Crown House and Crown Apartments

Report of Shareholder Representative

This report is public

Purpose of report

To approve the shareholder agreement between Cherwell District Council (CDC) and Crown House Banbury Limited and Crown Apartments Banbury Limited

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the entering into of a shareholder agreement between Cherwell District Council (CDC) and Crown House Banbury Limited and Crown Apartments Banbury Limited
- 1.1 To authorise the Shareholder Representative, in consultation with the Leader of the Council, to settle the final terms and sign the shareholder agreement on behalf of Cherwell District Council.

2.0 Introduction

- 2.1 It is necessary to review, from time to time, the arrangements between the Council and council owned companies to ensure that they are relevant and up to date.
- 2.2 It is proposed that the Council and the Crown House and Apartments companies enter into a shareholder agreement in order to set out the respective rights and obligations of the parties in relation to the business and operations of the two companies. The agreement is made pursuant to the Council's powers under Sections 1 and 4 of the Localism Act 2011. This is to include any other relevant and reasonable powers to meet the objectives of both Crown House and Crown Apartments.

3.0 Report Details

- 3.1 The agreement attached at Appendix 1 details the respective rights and obligations of the parties in relation to the business and operations of the Crown House companies.

- 3.2 The rights and obligations include the business planning cycle and approval, the conduct of the company's affairs, matters relating to the board and production of financial statements and matters requiring consent of the council.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Through agreeing with the recommendations in this report the council is ensuring that a relevant and up to date legal agreement between the Shareholder and Crown House companies is in place.

5.0 Consultation

- 5.1 The board of directors of the Crown companies will be asked to note, comment and approve the agreement before final approval by the Shareholder Representative.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to approve the entering into of the shareholder's agreement – this has been rejected as not entering into the agreement would mean that the Council would have no ability to influence or monitor the activities, of the companies through the various rights granted to it under the shareholder's agreement.

7.0 Implications

Financial and Resource Implications

- 7.1 Whilst this report does not have any direct finance implications, I agree that it is best practice as a matter of good governance to enter into an agreement between the shareholder and the company to clarify the rights, obligations and liabilities of both parties.

Comments checked by:

Michael Furness, Assistant Director Finance.

Email: Michael.furness@cherwell-dc.gov.uk , Tel:01295 221845,

Legal Implications

- 7.2 Whilst not a legal requirement, it is considered best practice as a matter of good governance to enter into a shareholder agreement with companies in order to set out explicit rights, obligations and liabilities as between the shareholder and the company.

Comments checked by:

Chris Mace, Solicitor,

Email: Christopher.mace@cherwell-dc.gov.uk Tel: 07702917916

Risk Implications

- 7.3 The proposals set out in this report mitigate risk to the council in ensuring that the Crown companies have the correct governance in place between the companies and the shareholder (council).

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes,
Email: Louise.Tustian@cherwell-dc.gov.uk Tel: 01295 221786,

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

Not Applicable

Lead Councillor

Not Applicable

Document Information

Appendix number and title

- Appendix 1 – Shareholder agreement

Background papers

Report Author and contact details

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