



Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Wednesday, 28 August 2019

**Committee:
Housing Supervisory Board**

Date: Thursday, 5 September 2019

Time: 2.00 pm

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury,
Shropshire, SY2 6ND

You are requested to attend the above meeting.
The Agenda is attached

Claire Porter
Director of Legal and Democratic Services

Members of Housing Supervisory Board

Mark Jones
Pauline Dee
Rob Gittins
Vince Hunt
Simon Jones

Heather Kidd
Cecilia Motley
Tony Parsons
Keith Roberts

Your Committee Officer is:

Julie Fildes Committee Officer

Tel: 01743 257713

Email: Julie.Fildes@Shropshire.gov.uk

AGENDA

1 Election of Chairman

2 Appointment of Vice-Chairman

3 Apologies for Absence and Substitutions

4 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a disclosable pecuniary interest and should leave the room prior to the commencement of the debate.

5 Public Question Time

To receive any questions or petitions from the public of which members of the public have given notice. Deadline for notification for this meeting is 2pm on Tuesday 3rd September 2019.

6 Member Question Time

To receive any questions of which members of the Council have given notice. Deadline for notification for this meeting is 5.00pm on Monday 1st September 2019

7 Appointment of Shareholder Representative (Pages 1 - 4)

To consider the Appointment of Shareholder Representative Report. [Report attached]

Contact: Mark Barrow Tel. 01743 258919

8 Terms of Reference (Pages 5 - 12)

To consider the Housing Supervisory Board Terms of Reference. [Report attached]

Contact: Mark Barrow Tel. 01743 258916

9 Times and Dates of Future Meetings

The Committee will meet at 2.00pm on the following dates:

- 24th October 2019
- 21st November 2019
- 23rd January 2020

10 Exclusion of Press and Public

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda item 11 shall not be conducted in public on the grounds that it involves the likely disclosure of exempt information as defined by the categories specified against them.

11 Cornovii Developments Business Plan (Pages 13 - 34)

To receive a report on the Cornovii Developments Ltd Business Plan. [Report attached]

Contact: Mark Barrow Tel 01743 258916

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<u>Committee and Date</u>	<u>Item</u>
Housing Supervisory Board	
5 September 2019	Public

APPOINTMENT OF SHAREHOLDER REPRESENTATIVE

Responsible Officer Mark Barrow
e-mail: mark.barrow@shropshire.gov.uk Tel: 01743 258919

1. Summary

- 1.1 The Council has reserved certain functions to itself, as shareholder, in the articles of association of Cornovii Developments Limited (the Company) and the draft shareholder agreement between the Council and the Company (the Draft Shareholder Agreement). The Draft Shareholder Agreement contains a requirement to appoint and identify a shareholder representative who will be authorised to deal with some of the communications to the Company on behalf of the Housing Supervisory Board. This report deals with the appointment of the shareholder representative to allow the completion of the final Shareholder Agreement.

2. Recommendation

- 2.1 That the Director of Place be appointed as the shareholder representative to allow completion of the shareholder agreement.

REPORT

3. Background

- 3.1 The report presented to Council on 28 February 2019 and which approved setting up the Company, stated that :

“A shareholder agreement is required to regulate the relationship between the Council and the Housing Company. The precise details of the shareholder agreement will be developed in due course. This Agreement (and the company’s Articles of Association where appropriate) will include those company decisions reserved to the Shareholder (whether further to the Companies Act 2006 or at the direction of the shareholder and made by the Supervisory Board).”

- 3.2 Within the Draft Shareholder Agreement there is a provision that the Housing Supervisory Board should identify and appoint a Council officer to notify the Company of any decisions made by the Housing Supervisory Board in respect of any matter that the Company refers to them for shareholder consent. A notification in writing by the shareholder representative to the company is conclusive evidence for the company of the Housing Supervisory Board's decision on a matter requiring shareholder consent.
- 3.3 This report recommends that the Director of Place is appointed by the Housing Supervisory Board to act as the shareholder representative.

4. Financial Implications

- 4.1 There are no specific financial implications that relate to the matters contained within this report.

5. Risk Assessment and Opportunities Appraisal

- 5.1 There is a specific requirement to identify and appoint to this role within the Draft Shareholder Agreement. Failure to do so is contrary to the provisions of the draft Shareholder Agreement and may well lead to administrative difficulties and delays in communicating certain decisions of the Housing Supervisory Board to the Company.

6. Conclusions

- 6.1 In order to comply with the terms of the Draft Shareholder Agreement the Housing Supervisory Board is recommended to identify and appoint the Director of Place as the shareholder representative.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
<p>Council report 28 February 2019</p>
<p>Cabinet Members (Portfolio Holders)</p>
<p>Cllr. Robert Macey</p>
<p>Local Members</p>
<p>All</p>

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<u>Committee and Date</u>	<u>Item</u>
Housing Supervisory Board 5 th September 2019	
	<u>Public</u>

HOUSING SUPERVISORY BOARD TERMS OF REFERENCE

Responsible Officer Mark Barrow
e-mail: mark.barrow@shropshire.gov.uk Tel: 01743 258916

1. Summary

- 1.1 This report provides the Housing Supervisory Board with its Terms of Reference in Appendix A.

2. Recommendation

- 2.1 That the Housing Supervisory Board note their Terms of Reference in Appendix A.

3. Risk Assessment and Opportunities Appraisal

- 3.1 Legal advice has been provided by international law firm Trowers & Hamlins.
- 3.2 A Risk Register is held and regularly updated.

4. Financial Implications

- 4.1 There will be reporting every six months to the Council on the activities of the Housing Supervisory Board and operation of the Company, in accordance with the responsibilities set out in section 5 of the Terms of Reference.

5. Background

- 5.1 On the 28th February 2019, the 'Addressing Unmet Housing Need – Establishment of a Wholly Owned Local Housing Company' Report was presented to Council and unanimous approval given to formally set up a wholly-owned Local Housing and Development Company. The purpose of establishing the company, to undertake development to address unmet housing need in the Council's administrative area and deliver a financial return for the benefit of the Council.
- 5.2 Recommendation 2 of the report approved the setting up a sub-committee to be called the 'Housing Supervisory Board' and Council delegated its functions as Shareholder of the company to the Housing Supervisory Board in order to 'provide oversight of the Company's actions and performance on behalf of the Council as sole shareholder'.
- 5.3 Responsibility for drawing up the 'Terms of Reference' (Appendix A) was delegated to the Executive Director of Place in consultation with the Portfolio Holder for Housing & Strategic Planning.
- 5.4 The new Company was Registered on 6th July 2019 and formally named 'Cornovii Developments Limited'.
- 5.5 This report sets out the Housing Supervisory Board's role and responsibilities as the representative body of the company Shareholder in the Terms of Reference.
- 5.6 A Shareholder Agreement is in the process of being put in place between the Council and the Company in order to regulate the relationship between the Council as Shareholder and the Company. This agreement will include a list of those decisions which, whether by virtue of the Companies Act 2006 or arrangements between the Council and the Company for good governance, are decisions that require the approval and consent of the Company's Shareholder, as well as the Company itself.
- 5.7 Once this list of Shareholder Consent Matters is formally agreed it will be included as Appendix 1 to the Terms of Reference as part of the decisions delegated to the Housing Supervisory Board.
- 5.8 The list of Shareholder Consent Matters is currently being finalised, but as set out in the Council report of 28th February 2019, it is intended to include requirements for the Housing Supervisory Board to approve the following matters:

- Undertaking any business other than as contemplated in the Company's approved Business Plan;
- Entering into contracts in excess of agreed values;
- Acquiring any land outside of the Council's area;
- Acquiring any land in excess of agreed values;
- Any Company borrowing outside of financing arrangements agreed with the Council;
- Changing the Company's remuneration policy;
- Changing the Company's sales or lettings policies.

6. Additional Information

6.1 None.

Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

None

Cabinet Member (Portfolio Holder)

Cllr. Robert Macey

Local Member

Appendix

Appendix A – Housing Supervisory Board Terms of Reference

Appendix A

Housing Supervisory Board – Terms of Reference

1 Introduction

- 1.1 Cornovii Developments Limited (the **Company**) is a company limited by shares which is wholly owned by Shropshire Council (the **Council**).
- 1.2 The Company has been primarily established to undertake residential development activity in the Council's administrative area to address unmet housing need and generate a financial return for the Council. It is intended that the Company will undertake development of residential property on land acquired from the Council or on the open market for both sale and rent, and undertake related property development activities.
- 1.3 The Council has reserved certain functions to itself, as shareholder, in the articles of association (the **Articles**) and the shareholder agreement in place between the Council and the Company (the **Shareholder Agreement**). The purpose of these terms of reference, which sit alongside the Articles and the Shareholder Agreement, is to set out the shareholder functions which are delegated by the Council to the Housing Supervisory Board and the terms on which it will operate.

2 Membership

- 2.1 Members of the Housing Supervisory Board shall be appointed by the Council in accordance with the Council Procedure Rules. The Housing Supervisory Board will be politically balanced and will consist of up to nine elected members of the Council.
- 2.2 Members of the Housing Supervisory Board shall cease to be a member of the Housing Supervisory Board at the next Annual Meeting of the Council or immediately on cessation of being an elected member, unless they are reappointed by the Council.
- 2.3 The Chair of the Housing Supervisory Board shall be elected by a simple majority of the members of the Housing Supervisory Board.

3 Meetings

- 3.1 Meetings of the Housing Supervisory Board shall be held at least quarterly, and as frequently as is necessary for it to exercise its delegated functions.
- 3.2 The quorum for Housing Supervisory Board meetings shall be three.
- 3.3 Decisions at meetings shall be made by a majority vote. The Chair of the Housing Supervisory Board shall have a casting vote.

3.4 The Housing Supervisory Board may invite any person (including Council officers, third party advisors), to attend meetings of the Housing Supervisory Board in an advisory capacity, as they feel appropriate.

4 **Minutes and reporting**

4.1 Draft minutes of meetings shall be circulated to the Chair of the Housing Supervisory Board for approval within 10 working days of the meeting.

4.2 Minutes of meetings will be presented to the next Housing Supervisory Board meeting and will also be made available to the Council.

4.3 There will be reporting every six months to the Council on the activities of the Housing Supervisory Board and operation of the Company, in accordance with the responsibilities set out in section 5 below.

5 **Responsibilities**

5.1 The Housing Supervisory Board shall be responsible for:

- the giving of consent for the Shareholder Consent Matters set out in Schedule 1 of the Shareholder Agreement from time to time. For ease of reference, these Shareholder Consent Matters are set out at Appendix 1 to these terms of reference;
- monitoring the operations and performance of the Company through the receipt and analysis of quarterly reports prepared and presented by officers of the Company;
- ensuring compliance with the Council's corporate objectives as set out in the Council's corporate plan;
- receiving internal audit reports from directors and officers of the Company;
- receiving quarterly reports on the Company's progress in meeting unmet housing need in the Council's administrative area, including information on land disposals, development appraisals, housing numbers, types and tenures; and
- receiving quarterly borrowing reports for secured and unsecured lending of the Company.

6 **Review**

6.1 These terms of reference shall be reviewed at least annually, and any amendments shall be approved by the Council or Council officers as appropriate.

Dated 13th August 2019

Appendix 1

Shareholder Consent Matters

Part A – Corporate Matters

The Company shall not, unless it has Shareholder Consent:

List of Corporate Matters requiring Shareholder Consent to be confirmed

Part B
Operational Matters

The Company shall not, unless it has Shareholder Consent:

List of Operational Matters requiring Shareholder Consent to be confirmed

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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