



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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| CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD | AGENDA ITEM No: 3.2 |
| 31st July 2019 | PUBLIC REPORT |

HOUSING DEVELOPMENT COMPANY: APPROVAL OF SHAREHOLDER AGREEMENT

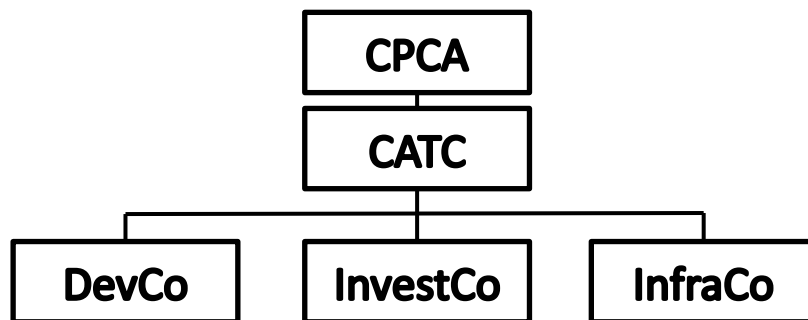
1.0 PURPOSE

- 1.1. On 27 March 2019 (Agenda Item 4.1) the Combined Authority Board approved the establishment of a Combined Authority Trading Company.
- 1.2. At paragraph 4.14 of the report considered by the Combined Authority Board on 27 March 2019, there was a commitment for the Board to approve the final Shareholder Agreement.
- 1.3. The Shareholder Agreement and Articles of Association have now been drafted and are in an agreed final form.
- 1.4. Members are recommended to approve the Shareholder Agreement, Articles of Association and the composition of the Board of Directors for Angle Holdings Limited and Angle Developments Limited.

| <u>DECISION REQUIRED</u> | |
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| Lead Member: | Councillor Graham Bull Portfolio Holder for Housing |
| Lead Officer: | Roger Thompson, Director of Housing and Development |
| Forward Plan Ref: 2019/041 | Key Decision: Yes |
| <p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none"> (a) Approve the Shareholder Agreement as detailed in Appendix 1; (b) Approve Angle Holding Limited Articles of Association as detailed in Appendix 2; (c) Approve Angle Developments Limited Articles of Association as detailed in Appendix 3; (d) Approve the composition of Angle Holdings Limited Board of Directors as set out in paragraph [para 2.6]; (e) Approve the composition of Angle Development Limited Board of Directors as set out in paragraph [para 2.8]. <p>Furthermore, in order to implement a)-c), authorise and approve:</p> <ul style="list-style-type: none"> (f) The Chief Executive and the senior legal officer to complete the necessary legal documentation to implement the above; and (g) The Monitoring Officer to amend the Constitution, as necessary, to implement the above. | <p>Voting arrangements</p> <p>Simple majority of all Members</p> |

2.0 BACKGROUND

- 2.1. On 27 March 2019 (Agenda Item 4.1) the Combined Authority Board approved the establishment of a Combined Authority Trading Company.
- 2.2. The approval was for the establishment of a company limited by shares with the CPCA as the sole shareholder. It was further agreed that the structure would be a holding company with a DevCo subsidiary. Please note there is potential for other subsidiaries to be established, however, these will require further CPCA Board consent at the relevant time.



- 2.3. The chosen name for what has been previously referred to as CATC is Angle Holdings Limited (Angle Holdings) and the chosen name for what has been previously referred to as DevCo is Angle Developments Limited (Angle Developments).
- 2.4. The Angle Holdings Board of Directors will be responsible for the strategic direction and success of the company. The Board will be required to manage the company and must be mindful of commercial and market forces. At all times they must act in the best interest of Angle Holdings for the benefit of the CPCA as the sole shareholder.
- 2.5. On 27 March 2019, the CPCA Board approved the Angle Holdings Board composition which comprised: the Mayor and one of the Deputy Mayors of the CPCA, the Managing Director and Corporate Services Director of the CATC; both positions will be held by the Chief Executive and Corporate Services Director of the CPCA and an Independent Chairman (to be recruited).
- 2.6. Subsequent to this approval there has been a change in the staffing structure of the Combined Authority. To reflect these changes it is proposed that the Angle Holdings Board composition will comprise the Mayor and Deputy Mayor (Statutory) of the CPCA, the Chief Executive (Kim Sawyer) and the Monitoring Officer of the CPCA. The Company Secretary role will be fulfilled by the Monitoring Officer.
- 2.7. The recruitment of the Independent Chairman is now underway. The successful candidate will be formally appointed by the CPCA Board at a future meeting.

- 2.8. On 27 March 2019, the CPCA Board approved the Angle Developments Board composition which comprised; the Independent Chairman (to be recruited), the Chief Executive and the Housing Director. There are no proposed changes to this composition. It is anticipated that the Independent Chairman that will be appointed to Angle Holdings will fulfil the role of the Independent Chairman to Angle Developments.
- 2.9. Angle Holdings Articles of Association are provided at Appendix 2 for CPCA Board approval.
- 2.10. Angle Developments Articles of Association are provided at Appendix 3 for CPCA Board approval.
- 2.11. The relationship between the CPCA and Angle Holdings will be governed by a Shareholder Agreement. This draft agreement is provided at Appendix 1.
- 2.12. The primary purpose of the shareholder agreement is to regulate the relationship between the CPCA and its subsidiaries. Ordinarily, other than where legislation and/or articles reserve decisions for shareholders, the Board of Directors of a company is its main decision-making body, and is free to act as it thinks is in the best interest of that company.
- 2.13. In this context, a shareholder agreement between the CPCA and Angle Holdings and Angle Developments (which would then be applied to each subsidiary through a deed of adherence) must be agreed. This would consider that each business's Board of Directors is responsible for running the relevant company. The agreement will provide the CPCA with a number of reserved rights.
- 2.14. The table below provides the roles and responsibilities of the CPCA, Angle Holdings and Angle Developments.

| CPCA | Angle Holdings | Angle Developments |
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| <p>Matters reserved for CPCA decision.</p> <p>This is not an exhaustive list (available at Schedule 1 of the Shareholder Agreement).</p> <ul style="list-style-type: none"> - Approval of the annual business plan - Amendments to Articles of Association - Limit on external borrowing - Payment of dividends - Company structure - Matters relating to cessation | <p>Annual Business Plan</p> <p>To be produced for approval by the CPCA Board</p> <p>Quarterly Update</p> <p>To be produced for noting by the CPCA Board. Information to include:</p> <p>Financial Performance and Risk Management Plan</p> | <p>Annual Business Plan</p> <p>To be produced for approval by Angle Holdings</p> <p>Quarterly Update</p> <p>To be produced for noting by Angle Holdings. Information to include:</p> <p>Financial Performance and Risk Management Plan</p> |

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| <ul style="list-style-type: none"> - Appointment/removal of Directors - Remuneration of any Director - Remuneration of any employee exceeding £100,000 - Establishing or amending profit-sharing, share option, bonus or other incentives of any nature for Directors and employees | | |
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3.0 FINANCIAL IMPLICATIONS

3.1. None arising from this report. The financial implications were considered at the establishment phase on 27 March 2019 (Agenda Item 4.1).

4.0 LEGAL IMPLICATIONS

4.1 The relevant legal implications are set out in the body of the report.

5.0 GOVERNANCE AND CONTROL

5.1. As set out in paragraph 2 of this report

6.0 EQUALITIES AND HEALTH AND SAFETY IMPLICATIONS

6.1. Any equalities or health and safety implications will be addressed as they arise in the implementation of the strategy.

7.0 APPENDICES

- 7.1. Appendix 1 - Shareholder Agreement
- 7.2. Appendix 2 - Angle Holdings Limited Articles of Association
- 7.3. Appendix 3 - Angle Developments Limited Articles of Association

| <u>Source Documents</u> | <u>Location</u> |
|-------------------------------------|---|
| Combined Authority Board March 2019 | https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/917/Committee/63/Default.aspx |