

Agenda

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Shareholder Group - Oxford City Housing companies

Date: **Tuesday 28 March 2017**

Time: **6.00 pm**

Place: **The Old Library, Town Hall**

For any further information please contact the Committee Services Officer:

Catherine Phythian, Committee and Member Services Officer

Telephone: 01865 252402

Email: democraticservices@oxford.gov.uk

Shareholder Group - Oxford City Housing companies

Membership

Councillor Bob Price

Councillor Susan Brown

Councillor Pat Kennedy

Councillor Christine Simm

Councillor Linda Smith

Councillor Ed Turner

Councillor Alex Hollingsworth

Councillor Mike Rowley

Councillor Dee Sinclair

Councillor John Tanner

The quorum for this meeting is three members.

Copies of this agenda

Reference copies are available to consult in the Town Hall Reception. Agendas are published 6 working days before the meeting and the draft minutes a few days after.

All agendas, reports and minutes are available online and can be:

- viewed on our website – mycouncil.oxford.gov.uk
- downloaded from our website
- viewed using the computers in the Customer Services, St Aldate's, or
- subscribed to electronically by registering online at mycouncil.oxford.gov.uk

AGENDA

	Pages
Items to be considered in public	
1 Apologies for absence	
2 Declarations of interest	
3 Oxford City Housing Limited - Shareholder Group meetings - terms of reference	9 - 12
<p>The Monitoring Officer will introduce this item.</p> <p>The proposed terms of reference for the Housing Companies Shareholder Group are set out in the attached document.</p> <p>Recommendation:</p> <p>That the Housing Companies Shareholder Group resolves to approve the terms of reference.</p>	
4 Oxford City Housing Limited - Shareholders Agreement	13 - 30
<p>The Monitoring Officer will introduce this item.</p> <p>The following document had been submitted to the Shareholder Group in a substantially final form:</p> <p>(a) a shareholders' agreement relating to the ownership of shares in and the capital of and the operation and management of the Company to be entered into between (1) Oxford City Housing Limited; and (2) Oxford City Council (the "Shareholders' Agreement");</p> <p>On 15 March 2017 the Board of Directors of Oxford City Housing Limited resolved to submit this Shareholder Agreement to the Housing Companies Shareholder Group for agreement by both parties.</p> <p>Recommendation:</p> <p>That the Housing Companies Shareholder Group resolves to agree the Shareholder Agreement on behalf of Oxford City Council and nominate Cllr Price to sign on their behalf.</p> <p>That the Board of Directors resolves to agree the Shareholder Agreement on behalf of Oxford City Housing Limited and nominate Jackie Yates to sign on their behalf.</p>	

5 Oxford City Housing Limited - Appointment of Directors 2017-18

The Monitoring Officer will introduce this item.

The Group is asked to note that David Edwards will retire from Oxford City Council on 31 March 2017 and consequently will resign as a Director of Oxford City Housing Limited with effect from that date.

It is proposed that Peter Sloman should be appointed as a Director of Oxford City Housing Limited with effect from 1 April 2017.

No other changes to the Board of Directors are proposed, the other two Directors to be re-appointed.

Recommendation:

That the Housing Companies Shareholder Group resolves to **approve** the appointment of Peter Sloman as a Director of Oxford City Housing Limited with effect from 1 April 2017 and to re-appoint Jackie Yates and Stephen Clarke as Directors of Oxford City Housing Limited with effect from 1 April 2017.

6 Oxford City Housing Limited - Appointment of Auditors for the 2016-17 accounts.

31 - 36

The s151 Officer will introduce this item.

The attached document details proposals for the provision of external audit services to Oxford City Housing Limited.

Recommendation:

That the Housing Companies Shareholder Group resolves to **approve** the appointment of Kingston Smith LLP as external auditors to Oxford City Housing Limited for the 2016-17 accounts.

7 Any other business

Items to be considered in private - matters exempt from publication

If the Shareholder Group wishes to exclude the press and the public from the meeting during consideration of any of the items on the exempt from publication part of the agenda, it will be necessary for the Shareholder Group to pass a resolution in accordance with the provisions of Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information)

(England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972.

The Shareholder Group may maintain the exemption if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Matters Exempt from Publication

8 Oxford City Housing Limited (OCHL) – Business Plan 2017/18

37 - 100

The Board of Directors of Oxford City Housing Limited will present the draft OCHL business plan to the Shareholder Group.

Recommendation:

That the Oxford City Housing Companies Shareholder Group resolves to:

1. Note the progress of the Council's housing company, Oxford City Housing Limited; and
2. Endorses, the draft OCHL business plan.

Councillors declaring interests

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

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Housing Companies Shareholder Group - terms of reference

Overview

The Council has established Oxford City Housing Limited (“OCHL”) a wholly owned limited company dealing with certain housing matters. OCHL itself has two wholly-owned subsidiaries. These companies are referred to collectively as “the Housing Companies”.

The Council is the sole shareholder in the Housing Companies. Shareholding is an executive function. Under the ‘strong leader’ model operated by this Council, executive power is vested in the Leader of the Council. The Leader of the Council therefore has the authority to determine how the Council is to be represented in its role as the shareholder of its companies.

The Leader of the Council has delegated responsibility for the shareholder function in relation to the Housing Companies to the members of the City Executive Board collectively. The members of the CEB will therefore form a Housing Companies Shareholder Group to carry out this responsibility.

The Housing Companies Shareholder Group will obtain advice from Council officers as required. Committee and Member Services will provide appropriate secretariat support.

Responsibility for the day to day operation and management of the Housing Companies (including the responsibility for internal processes and staffing matters) vests in that Company’s Board of Directors, who must ensure that the Company’s business is conducted in accordance with the terms of the Company’s Shareholder’s Agreement and its Articles of Association.

Terms of reference of the Housing Companies Shareholder Group

The Housing Companies Shareholder Group will:

1. Safeguard the Council’s investment in the Housing Companies and ensure the Housing Companies comply with the Council’s corporate objectives and maximise outcomes in line with Council policy.
2. Approve the Shareholder’s Agreement, which will have the initial Housing Companies Business Plan scheduled to it.
3. Receive, review and comment on the annual report and financial accounts of the Housing Companies and agree how these are to be published and circulated.
4. Appoint (at least annually) and remove Company Directors and ensure directors operate in accordance with the Housing Companies’ objectives.
5. Agree the employment of any non-executive or external Directors and the basis on which these directors will be remunerated.
6. Appoint the Company auditors.
7. Determine the distribution of any surplus or the issue of any dividends from the Housing Companies, in accordance with the Shareholder’s Agreement,

and exercise any other strategic functions flowing from the Council's ownership of shares.

8. Approve any frameworks within which the Council interfaces with the Housing Companies (e.g. a code of conduct for how Council officers interact with the Companies).
9. Exercise any reserved powers set out in the Company's Shareholder Agreement or Articles of Association.
10. Refer any conflicts arising between the Housing Companies and other Council-owned companies to the City Executive Board for resolution.

Meetings of the Housing Companies Shareholder Group

1. Meetings will be operated in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, requiring that:
 - a) Agendas are published 5 clear working days in advance of meetings.
 - b) Private meetings are notified 28 days in advance. Otherwise urgency rules will apply, requiring the agreement of the Chair of Scrutiny.
 - c) Key decisions will be notified 28 days in advance. Otherwise urgency rules will apply, requiring that the Chair of Scrutiny is informed (or if less than 5 clear days in advance, agrees).
 - d) Members of Council will be able to attend public and private parts of meetings.
 - e) Members of the public will be able to attend the public part of meetings.
2. Meetings will be scheduled at least annually.
3. Extraordinary meetings can be called at any time by the Leader of the Council or the Board of Directors.
4. The quorum is 3 and must include either the Leader of the Council or Deputy Leader.
5. Substitutions will not be allowed.
6. Meetings will be chaired by the Leader of the Council or in their absence, the Deputy Leader.
7. Meetings will also be attended by the Company Directors, the Company Secretary and the Housing Companies Shareholder Group's advisors.
8. After each meeting the Chair will approve the minutes of the previous meeting.
9. The Housing Companies Shareholder Group will take decisions in respect of the Council's total holdings in the Company.
10. Decisions will be taken by consensus of those present unless any member of the Housing Companies Shareholder Group requires a vote, in which case a majority decision will be taken with each member present having a single vote. In the event of a tied vote the Chair will have a casting vote.

Relationship to the Scrutiny Committee

The Council's Scrutiny Committee retains its scrutiny function in relation to the Housing Companies Shareholder Group. The Scrutiny Committee will be able to call the Housing Companies Shareholder Group and its advisors to account for the progress and performance of the Housing Companies in accordance with a scrutiny protocol.

NOTE: Company Directors act in a way that is legally independent from the Council and their actions as company directors are not open to scrutiny in this way.

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13.03.2017

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dated

2017

Oxford City Council

and

Oxford City Housing Limited

Shareholder Agreement

in respect of Oxford City Housing Limited

Shareholder Agreement

Trowers & Hamlin LLP
3 Bunhill Row
London
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www.trowers.com

Indicative draft 1 - 18 July 2016

dated

2017

Parties

- (1) **Oxford City Council** of St Aldate's Chambers, 109 St Aldate's, Oxford OX1 1BX (the **Council**).
- (2) **Oxford City Housing limited** (company no 10212716) whose registered office is St Aldate's Chambers, 109 St Aldate's, Oxford OX1 1BX (the **Company**).

Introduction

- (A) The Company was incorporated in England under the Companies Act 2006 on 3 June 2016 and, at the date of this Agreement, 100 Shares are in issue and are registered in the name of and are beneficially owned by the Council.
- (B) The Company has been incorporated to exercise the power to trade contained in the Local Government Act 2003 and/or pursuant to the general power of competence in the Localism Act 2011.
- (C) This Agreement sets out the terms upon which the Council will participate in the Company as its shareholder.

Agreed Terms

1 Definitions and Interpretation

1.1 In this Agreement:

Articles means the articles of association of the Company;

Business means the business of the Company as set out in clause 2;

Business Day means a day (other than a Saturday or Sunday) on which the banks in the City of London are open for retail business;

Business Plan means the Company's plan for delivery of the Business as set out in schedule 2 as updated or amended in accordance with clause 2.4

CA2006 means the Companies Act 2006;

Council means Oxford City Council of St Aldate's Chambers, 109 St Aldate's, Oxford OX1 1BX

Tenant Debt Recovery Policy means the policy of the Company in relation to the recovery of debt owed to it by a tenant of a Dwelling as adopted by the Company (as amended from time to time);

Director means a director of the Company;

Dwelling means any dwelling owned by the Company from time to time;

Environmental Information Regulations means the Environmental Information Regulations 2004;

Finance Documents means a development facility agreement to be entered into by the Company and the Council on or about the date of this Agreement, or a loan note instrument to be entered into by the Company on or about the date of this Agreement, and any other funding and security documentation which is entered into by the Company relating to the provision of funding for the Business from the Council;

FOIA means the Freedom of Information Act 2000;

Group means the Company and its subsidiary undertakings from time to time, or any of them as the context requires and **Group Company** shall be construed accordingly;

Information has the meaning given to it under section 84 of the FOIA;

Policies mean (where appropriate) the Rent and Lettings Policy, Sales Policy, Debt Recovery Policy and Remuneration and Expenses Policy;

Quarter Date means 31 March, 30 June, 30 September or 31 December;

Rent and Lettings Policy means the policy of the Company under which it will set the rents of Dwellings and let Dwellings, as adopted by the Company (and amended from time to time) ;

Request for Information has the meaning set out in the FOIA or any apparent request for information made under the FOIA or the Environment Information Regulations;

Sales Policy means the policy of the Company under which it will sell Dwellings as adopted by the Company (and amended from time to time) ;

Shareholder means any holder of any Share(s) from time to time, being the Council at the date of this Agreement;

Shareholder Comment means the comments of the Shareholder given to the Directors in accordance with clause 2.2 ;

Shareholder Consent Matters means those matters listed in schedule 1;

Shares means the ordinary shares of £1 each in the issued share capital of the Company;

Subsidiary has the meaning given in the CA2006;

United Kingdom means the geographical area of the United Kingdom of Great Britain and Northern Ireland as at the date of this Agreement.

1.2 A reference to a statutory provision includes a reference to:

1.2.1 a statutory amendment, consolidation or re-enactment (whether before or after the date of this Agreement),

- 1.2.2 statutory instruments or subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) or orders made under the statutory provision (whether made before or after the date of this Agreement), and
- 1.2.3 statutory provisions of which the statutory provision is an amendment, consolidation or re-enactment.
- 1.3 Reference to:
- 1.3.1 a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate),
- 1.3.2 a statutory or regulatory body shall include its successors and any substituted body,
- 1.3.3 an individual includes, where appropriate, his personal representatives,
- 1.3.4 the singular includes the plural and vice versa, and
- 1.3.5 one gender includes all genders.
- 1.4 Unless otherwise stated, a reference to a clause or schedule is a reference to a clause or schedule to this Agreement and a reference to this Agreement includes its schedules.
- 1.5 Clause headings in this Agreement are for ease of reference only and do not affect its construction.
- 1.6 In construing this Agreement the so-called ejusdem generis rule does not apply and accordingly the interpretation of general words shall not be restricted by words indicating a particular class or particular examples.
- 1.7 For the purposes of this Agreement **Party** means a party to this Agreement and reference to **Parties** shall be to all or more than one of them as applicable.
- 1.8 Where a provision of this Agreement imposes an obligation, cost or liability on the Parties, that obligation, cost or liability shall be construed as being against those Parties jointly and severally, and where a provision of this Agreement gives a claim, benefit or right to the Parties, that claim, benefit or right attaches to those Parties jointly.
- 1.9 Where a consent and/or permission is required under this Agreement from one Party to the other that consent and/or permission shall not be unreasonably withheld or delayed.
- 2 **Business**
- 2.1 The Business of the Company shall be:
- 2.1.1 to operate as a commercial company (for trading or other purposes) and deliver a financial return for the benefit of the Council and/or to fund the Company's future Business activities;
- 2.1.2 to purchase land and property within the United Kingdom either from the Council or on the open market; and

2.1.3 to acquire, develop, construct and/or refurbish residential homes and retail and commercial premises within the United Kingdom which it will either sell or rent in accordance with the objects of the Company and the provisions of the Business Plan.

together with any activities reasonably incidental to the above.

2.2 The first Business Plan of the Company is set out in Schedule 2 to this Agreement. The Company shall send any new or materially revised version of the then current Business Plan to the Shareholder(s) when available and invite the Shareholder(s) to provide comments on the proposed new or revised Business Plan. The Shareholder(s) will respond to the Company on the proposed Business Plan as soon as reasonably practicable (and in any event within two weeks) following receipt. The Directors shall consider all comments received and, if appropriate, include appropriate amendments into the new or revised Business Plan. No adoption of a new, or of a material variation to or replacement of any Business Plan shall take effect until the Shareholder's comments have been received and considered in accordance with the provisions of this Clause..

2.3 Each Business Plan shall be substantially in the format of the first Business Plan (unless otherwise agreed between the Company and the Shareholder(s)).

2.4 Notwithstanding any other provision of this clause 2, for any period when a proposed or materially revised Business Plan has not been adopted by the Directors in accordance with clause 2.2 the relevant existing Business Plan shall continue to be the Business Plan of the Company.

2.5 Upon any Shareholder's request, the Company will provide copies of the Policies to that Shareholder.

3 **Conduct of the Company's Affairs**

3.1 Meetings of the Directors shall be held no less than six times in every year and at not longer than two monthly intervals.

3.2 With the exception of those matters requiring Shareholder Consent pursuant to clause 3.6, the management of the Company shall be vested in the Directors. The Directors may appoint a managing director on such terms as they may think fit, who shall be responsible for the day to day management of the Business within the terms of the Business Plan and this Agreement and perform such duties as may be delegated to him by the Directors. The Directors may also remove such managing director and appoint a replacement on such terms as they may think fit providing that no such appointment shall be made without Shareholder Consent.

3.3 Without prejudice to the generality of the foregoing, the Directors will determine the general policies of the Company and the manner in which the Business is to be carried out, subject to the (a) Business Plan, (b) those matters requiring Shareholder Consent pursuant to clause 3.6 and (c) any other express provisions of this Agreement. In particular, the Directors shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (in so far as they are able in the exercise of such rights and powers) that, at all times during the term of this Agreement, the Company shall:

- 3.3.1 carry on and conduct its business and affairs in a proper and efficient manner, for its own benefit and in accordance with both the Business Plan and good business practices, and
- 3.3.2 transact all its business on arm's length terms.
- 3.4 The Company shall not carry out any activity which would render the holding of Shares by any Shareholder unlawful provided that where a proposed change of law would render such shareholding unlawful such Shareholder will use its reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.
- 3.5 If the Company requires any approval, consent or licence for the carrying on of its Business in the manner in which it is from time to time carried on or proposed to be carried on, the Company will obtain and maintain the same in full force and effect.
- 3.6 The Company shall ensure that none of the Shareholder Consent Matters shall be carried out without the prior consent in writing of the Shareholder(s) holding either all, or the aggregate (between them) majority, of the Shares then in issue.
- 3.7 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company and its subsidiaries with any designated officers and executives of the Shareholder(s) at any time. All books, records, accounts and documents relating to the business and the affairs of the Company and any subsidiaries shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as he or she deems appropriate to keep the (relevant) Shareholder properly informed about the business and affairs of the Company or to protect its interests as Shareholder. Any information secured as a consequence of such discussions and examinations shall be kept confidential by the requesting Shareholder and its designated officers and executives in accordance with the terms of clause 6.
- 3.8 The Company agrees with the Shareholder(s) that it will maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Group and will generally keep the Shareholder(s) informed of the progress of each Group Company's business and affairs and in particular will procure that any Shareholder is given such information and such access to the officers, employees and premises of the Group as it may reasonably require.
- 3.9 The Company agrees with the Shareholder(s) that it will:
 - 3.9.1 maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Company; and
 - 3.9.3 keep the Shareholder(s) informed of the progress of the Company's business and affairs and in particular will procure that each Shareholder is given such information and such access to the directors and premises of the Company as it may reasonably require.
- 3.10 The Company shall not breach nor cause the Council to be in breach of the Local Authorities (Companies) Order 1995.

4 **Covenants**

The Company covenants to the Shareholder(s) in accordance with the terms of Schedule 3.

5 **Termination**

5.1 This Agreement shall terminate upon

5.1.1 the written agreement of the Parties in accordance with the terms agreed; or

5.1.2 when a resolution is passed by the Shareholder(s) or creditors of the Company, or any order made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the creditors, Shareholder(s) or other contributors;

5.1.3 the Company ceasing to carry on its business; or

5.1.4 the Company being convicted of a criminal offence; or

5.1.4 the Shareholder giving not less than 90 days written notice to the Company of the date on which all or part of this Agreement will terminate,

but shall cease and determine in respect of a Shareholder (without prejudice to that Shareholder's accrued rights, obligations or liabilities) upon that Shareholder ceasing to hold Shares in the Company

6 **Confidentiality**

6.1 Each Party undertakes that it shall not at any time disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other Party or of any member of the Group of companies to which the other Party belongs, except as permitted by clause 6.2.

6.2 Either Party may disclose the other Party's confidential information:

6.2.1 to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Party's obligations under this Agreement. Either Party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other Party's confidential information comply with this clause 6; or

6.2.2 as may be required by law, court order or any governmental or regulatory authority.

6.3 Either Party acknowledges that the other Party is subject to the requirements of the FOIA and the Environmental Information Regulations, and shall facilitate the other Party's compliance with its Information disclosure requirements pursuant to and in the manner provided for in clauses 6.4 and 6.7.

6.4 If either Party (the **Recipient**) receives a Request for Information in relation to Information that the other Party is holding and which the Recipient does not hold itself, the Recipient shall refer to the other Party such Request for Information as soon as practicable and in

any event within five Business Days of receiving a Request for Information, and the other Party shall:

6.4.1 provide the Recipient with a copy of all such Information in the form that the Recipient requires as soon as practicable and in any event within ten Business Days (or such other period as the Recipient acting reasonably may specify) of the Recipient's request; and

6.4.2 provide all necessary assistance as reasonably requested by the Recipient to enable the Recipient to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.

6.5 Following notification under clause 6.4, and up until such time as the other Party has provided the Recipient with all the Information specified in clause 6.4, the other Party may make representations to the Recipient as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Recipient shall be responsible for determining, at its absolute discretion:

6.5.1 whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

6.5.2 whether Information is to be disclosed in response to a Request for Information; and

6.5.3 in no event shall the other Party respond directly to a Request for Information unless the Request for Information is addressed to it.

6.6 The Parties acknowledge that (notwithstanding the provisions of clause 6.1) the Recipient may, acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under part I of the Freedom of Information Act 2000, be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the other Party:

6.6.1 in certain circumstances without consulting with the other Party; or

6.6.2 following consultation with the other Party and having taken their views into account.

6.7 Each Party shall transfer to the other Party any Request for Information which it receives but is addressed to the other Party as soon as practicable and in any event within three Business Days of receiving it.

6.8 The Parties acknowledge that any lists provided which list or outline Confidential Information are of indicative value only and that a Recipient may nevertheless be obliged to disclose Confidential Information in accordance with clause 6.6.

7 **No Partnership**

Nothing in this Agreement gives rise to a partnership between the Parties or constitutes one Party the agent of another.

8 **Contracts (Rights of Third Parties) Act 1999**

8.1 Unless the right of enforcement is expressly granted, it is not intended that a third party, other than a lawful successor in title or a lawful assignee, should have the right to enforce a provision of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

8.2 The Parties may rescind or vary this Agreement without the consent of a third party to whom an express right to enforce any of its terms has been provided.

9 **Costs of this Agreement**

Each party shall pay its own costs in connection with the negotiation, preparation, execution and performance of this Agreement.

10 **Waiver**

10.1 The rights of each of the Parties in respect of a breach of this Agreement shall not be affected by completing, by rescinding, or failing to rescind, this Agreement, or by failing to exercise, or delaying in exercising, a right or remedy, or by anything else, except a specific authorised written waiver or release. A single or partial exercise of a right or remedy provided by this Agreement or by law does not prevent its further exercise or the exercise of another right or remedy.

10.2 Waiver of a breach of a term of this Agreement, or of a default under it, does not constitute a waiver of another breach or default nor affect the other terms of this Agreement.

10.3 The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies.

11 **Variation**

A purported variation of this Agreement is not effective unless in writing and signed by or on behalf of each of the Parties.

12 **Invalidity**

If a provision of this Agreement is held to be illegal or unenforceable, in whole or in part, under an enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected. The Parties agree to negotiate in good faith to agree the terms of a mutually satisfactory provision to be substituted for the provision found to be illegal or unenforceable.

13 **Entire Agreement**

13.1 This Agreement (together with any documents entered into under it or at the same time as it) supersedes all prior understandings and agreements between the Parties (whether written or oral) relating to its subject matter and contains the entire agreement between the Parties relating to its subject matter.

13.2 Each Party acknowledges that it does not enter into this Agreement on the basis of, and does not rely on, warranties or representations made, or agreed to, by any person (whether a party to this Agreement or not).

13.3 Each Party waives its rights against the other Party in respect of warranties and representations (whether written or oral) not expressly set out or referred to in this Agreement.

13.4 Nothing in this clause 13 limits or excludes liability for fraud.

14 **Status of this Agreement**

14.1 In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, then it is the intention of the Shareholder(s) that the provisions of this Agreement shall prevail. Accordingly, the Shareholder(s) shall take all available steps and do all practicable acts and things as may be necessary or desirable, including, without limitation, exercising all voting and other rights and powers of control available to it in relation to the Company, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the Articles.

15 **Consents**

15.1 Consents, notices, approvals or agreements to be given by the Shareholder(s) under this Agreement shall be given in writing.

15.2 Where this Agreement provides that a matter is subject to the consent, approval or Agreement of any Party then (except as expressly provided otherwise), it shall be in the absolute discretion of the Party concerned as to whether (and if so, on what terms and conditions) the consent, approval or agreement is made.

16 **Communications**

16.1 Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first-class post (and by air mail if overseas) or by facsimile or by email as follows:

16.1.1 if to the Council, to:

Address: St Aldates Chambers, 109 St Aldate's, Oxford OX1 1BX

Email: []

marked for the attention of [; The Head of Finance

16.1.2 if to the Company, to:

Address: St Aldates Chambers, 109 St Aldate's, Oxford OX1 1BX

Email: lcane@oxford.gov.uk

marked for the attention of Mr L.D Cane ;

or to such other person, address, or fax number or email as any Party may specify by notice in writing to the other.

- 16.2 In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given:
- 16.2.1 if delivered personally, when left at the address referred to in clause 16.1;
 - 16.2.2 if sent by mail, other than airmail, two Business Days after posting it;
 - 16.2.3 if sent by fax, on completion of its legible transmission; and
 - 16.2.4 if sent by email, when sent provided there has been no communication by the recipient to the senders that the email has not been received,
 - 16.2.5 provided always that a notice given in accordance with the above but received on a day which is not a Business Day or after business hours on a Business Day will only be deemed to be given on the next Business Day.
- 16.3 The original of any notice or other communication by fax shall be forwarded to the recipient(s) but the non-arrival of that original shall not affect the validity of the notice or other communication by fax.

17 **Counterparts**

- 17.1 This Agreement may be executed in a number of counterparts and by the Parties on different counterparts, but shall not be effective until each Party has executed at least one counterpart.
- 17.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

18 **Governing Law and Jurisdiction**

- 18.1 This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of England and Wales.
- 18.2 The Parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any dispute or claim arising out of or in connection with this Agreement or any of the documents to be executed pursuant to this Agreement or their subject matter or formation (including non-contractual disputes or claims).

This Deed has been executed as a deed and delivered on the date stated at the beginning of this Deed.

Schedule 1

Shareholder Consent Matters – Part A (Corporate Matters)

The Company and any Group Company shall not, unless it has Shareholder Consent:

1. vary in any respect its articles of association or the rights attaching to any of its shares; or
2. permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Shareholder(s) in accordance with the terms of this Agreement and/or any permitted transferees, or permit the registration (upon subscription or transfer) of any person as a member of any other Group Company save for the Company; or
3. increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital; or
4. issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital; or
5. make any borrowing other than under the Finance Documents; or
6. apply for the listing or trading of any shares or debt securities on any stock exchange or market; or
7. pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent); or
8. engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business; or
9. form any Subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not); or
10. close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, unless in each case such closure or disposal is expressly contemplated by the Business Plan; or
11. amalgamate or merge with any other company or business undertaking; or
12. alter its name or registered office; or
13. enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement; or
14. enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms; or

15. enter into, as lessor or as lessee, any finance lease falling outside the provisions of the Business Plan; or
16. create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
 - (a) pursuant to the Finance Documents;
 - (b) liens arising in the ordinary course of business; or
 - (c) any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or
17. adopt or amend its Business Plan (other than in accordance with Clause 2.2); or
18. change either:
 - (a) its statutory auditors; or
 - (b) its financial year end; or
19. make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom; or
20. make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or
21. give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan; or
22. establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or
23. establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family; or
24. dismiss any director
25. adopt any remuneration and expenses policy or amend any existing Remuneration and Expenses Policy; or
26. agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of

salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration or Expenses Policy or Business Plan; or

27. institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed by the Company to be less than £500,000 instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan; or
28. make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.

Shareholder Consent Matters – Part B (Operational Matters)

Part B (Operational Matters)

The Company shall not, unless it has Shareholder Consent:

- 1 acquire any land or assets with a value in excess of £1,000,000 where such acquisition is inconsistent with the provisions of the current Business Plan or
- 2 enter into any contract with a value in excess of £100,000 where the entry into such contract would be inconsistent with the provisions of the current Business Plan ; or
- 3 enter into, as lessor or as lessee, any finance lease where by so doing the Company would be acting in a way inconsistent with the current Business Plan.
- 4 adopt or make a material amendment to the Rent and Lettings Policy:

Schedule 2

**First Business Plan
(Indicative draft as at date of Agreement)**

Schedule 3
Company Covenants

The Company covenants with the Shareholder(s) as follows:

- 1 Only to acquire land or assets if any such acquisition is in accordance with the Business Plan.
- 2 To comply with the Rent and Lettings Policy.
- 3 To comply with the Sales Policy.
- 4 To comply with the Debt Recovery Policy
- 5 To appoint the Council's auditors as its statutory auditors (where the Council so requires) and to maintain the Council's financial year end as the Company's financial year end.

In witness whereof the parties have executed this Agreement as a deed.

The **Common Seal** of)
Oxford City Council)
was hereunto)
affixed in the presence of:)

Nominated Officer

executed as a deed by)
Oxford City Housing Limited)
acting by:)

.....
Director

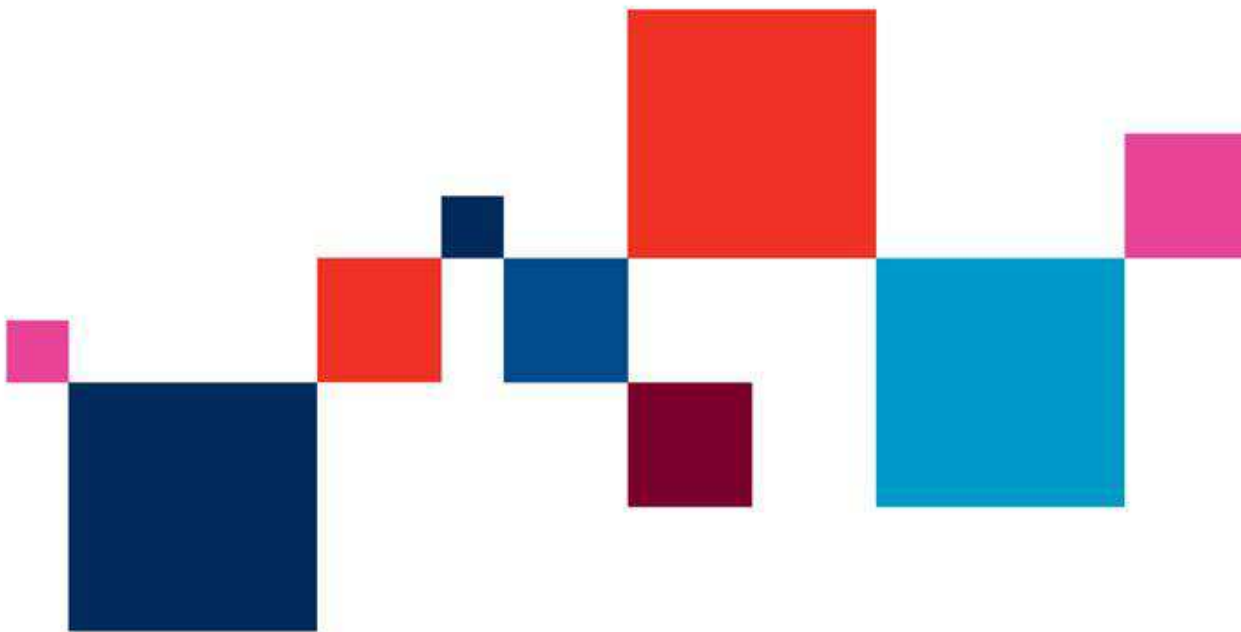
.....
Director

Proposal for audit services

Oxford City Housing group

February 2017

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Executive summary

I am delighted to submit a proposal to be auditors of the Oxford City Housing Group. We have the experience, hands-on approach, credibility and desire to work with your business; you will be an important client to us.

You have told us that you are looking for a credible firm to provide audit and tax services to a tight deadline. You are looking for a firm to provide these services for a competitive fee, with high quality, efficient work which enables the finance team to meet their financial reporting requirements effectively. In particular, you are looking for a high quality firm to make a commitment to agree numbers by early-mid May and to sign off accounts by mid June – we are happy to make this commitment.

Kingston Smith is a top 20 firm that was formed in 1923, with a focus on high quality work. Our firm's core focus has always been on providing a rounded, partner-led service. What this means in practice is that your audit team are trained to work with growing businesses; their resulting wider knowledge of accounting systems and tax matters enable us to provide an informed, pragmatic audit service appropriate to a business that is developing. It also means that the team have the expertise and experience with the practical aspects of auditing financial statements for a new group. While our offices are based in and around London, we have many clients in Oxford and the Thames Valley and I am regularly in the area supporting our clients.

³⁰Oxford City Housing group will be an important client to us and our service will be coordinated by me. What this means is that I will ensure I am close to all the work we do for you and I will take a very active part in delivering our work. We will provide an experienced team to perform your audit, giving you with the confidence that we will deliver on time in an efficient manner.

We would be delighted to work with you.
Kind regards

Mahmood Ramji
Partner



Our audit approach

Audit approach

Our audit approach includes a review of controls and processes in high risk areas, together with a mix of substantive and (where possible) analytical review procedures. All material balance sheet items will be tested substantively. This will ensure we provide a tailored, yet thorough and rigorous audit, focussing on the key risk areas of the group. The first year of the Oxford City Housing audit will use a fully substantive approach.

Key audit risks

An initial review of the information provided to date indicates that the key audit risks are:

- accuracy of accounting for the transfer of properties to the group and ensuring the valuation is supported by appropriate evidence
- accuracy of recording the loan balance and any other related party balances
- completeness of income in the period
- ensuring that all expenditure is captured
- reviewing/testing a sample of journal entries
- presentation and disclosure in line with IFRS requirements

Our audit planning

Our audit planning will commence in March with Mahmood and the manager holding a pre-audit planning meeting/call with the finance team to discuss the expected draft results and gain a clear understanding of activities in the year.

At this stage we calculate our audit materiality and ensure our audit risks and planned testing reflect the latest available information. At the pre-audit meeting, we will also finalise a detailed timetable of our work which includes the proposed date of the clearance meeting/call and sign off.

Following this meeting, we will provide you with a detailed information request to ensure that we are all prepared for the final audit and a planning letter in order that the group directors are informed on our planned audit approach and timetable.

Fieldwork and completion

We anticipate that the final audit work will take place in the second half of April and can be completed either on site or remotely (most likely remotely). Mahmood will be consulted on any issues arising from the work so we close them down quickly.

We will plan to have a closing meeting/call before sign off, covering key issues such as significant issues, judgements and estimates. As part of our work, we will produce a management letter which will set out:

- Our audit approach, planned work and results
- Commentary on key judgements and estimates
- Feedback on internal processes and controls recommendations
- Details of any “Non standard” representations required from the directors

The management letter will reflect issues already discussed by the audit team with your finance team.

When working to tight timescales we believe that communication is essential which means we will ensure that any issues or delays are flagged up and addressed straight away. This will ensure that the audit process, while robust, is also conducted in a collaborative manner.



Scope and fee

Our estimated fee for the audit of the three companies (Oxford City Housing Limited, Oxford City Housing (Investment) Limited, Oxford City Housing (Development) Limited) is **£11,500**. The quoted fee excludes disbursements (travel expenses) and are subject to VAT, currently at 20%.

Key assumptions:

- The timetable will be agreed at the planning stage and adhered to by your team and ourselves
- Mahmood will attend both the planning and closing meetings/calls, ensuring full partner participation
- Your finance team will prepare the financial statements for all three entities with supporting workings
- You will provide a full consolidation with supporting workings
- The financial reporting framework used will be IFRS
- All information and accounting records are available in a timely manner
- A pre-agreed list of supporting schedules is available on commencement of the audit work
- We will provide a planning letter and a management letter as part of our audit service and we are happy to have contact with directors in respect of the audit as appropriate and required.



Appendix A – Your audit partner

Mahmood Ramji



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Your client and audit partner

T 020 8848 5523

M 07342 055265

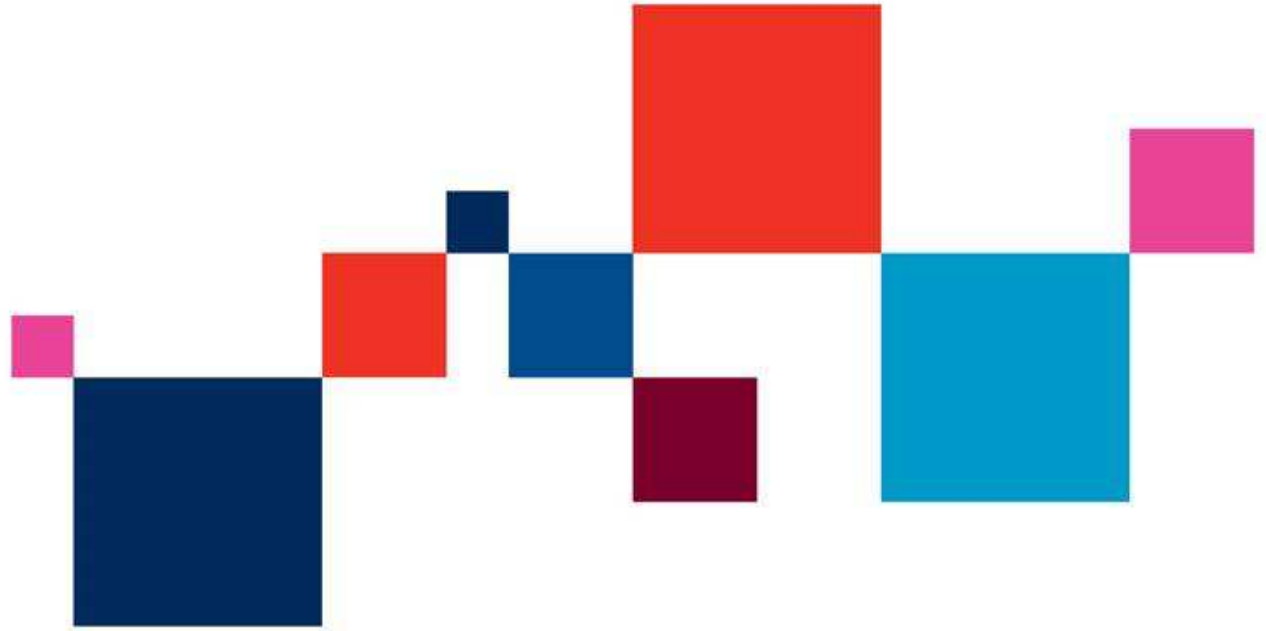
E mramji@ks.co.uk

Mahmood has been advising corporate businesses for over 20 years. He joined Kingston Smith in January 2016 after 21 years with Grant Thornton to concentrate on supporting and advising growing clients in various sectors, including the property sector.

Mahmood's approach is to work closely with his clients to ensure he has a good understanding of the business and of the priorities of owners and/or management. This ensures our work and service is well tailored and delivered in a supportive, appropriate manner, while maintaining a strong relationship. He maintains a regular dialogue and open relationship with management to ensure any issues are resolved efficiently and effectively.

Mahmood will be responsible for your audit opinion and will be the key contact for senior management.





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Heathrow The Shipping Building, The Old Vinyl Factory, Hayes, Middlesex UB3 1HA Telephone 020 8848 5500
Redhill Surrey House, 36-44 High Street, Redhill, Surrey RH1 1RH Telephone 01737 779000
Romford Orbital House, 20 Eastern Road, Romford, Essex RM1 3PJ Telephone 01708 759759
St Albans 4 Victoria Square, St Albans, Hertfordshire AL1 3TF Telephone 01727 896000
West End 17 Gresse Street, London W1T 1QL Telephone 020 7304 4646

Agenda Item 8

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

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