

**To:** Shareholder meeting – Housing Group  
**Date:** 20 December 2017  
**Report of:** Company Secretary  
**Title of Report:** Proposed amendment to Shareholder’s Agreement

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To request the Shareholder consider, and if appropriate agree, a proposed change to the Shareholder’s Agreement for Oxford City Housing Limited and its two subsidiaries Oxford City Housing (Investment) Ltd and Oxford City Housing (Development) Ltd (“the Housing Group”).
<b>Recommendation(s): That the Housing Group Shareholder resolves to:</b>	
1. <b>Amend the Shareholder’s Agreement for the Housing Group in the manner specified in this report to facilitate inter-company loan transfers.</b>	

<b>Appendices</b>	
Appendix 1	Supplemental Agreement 1: to the Shareholder Agreement (Dec 2017)

### Introduction and Proposal

- The Shareholder’s Agreement of 28 March 2017 made between the Council (as shareholder) and Oxford City Housing Limited sets out a list of matters which are reserved to the Shareholder, and as such can only be carried out with the express consent of the Council. In the main these matters represent fundamental corporate decisions (e.g. varying the Articles of Association or introducing new shareholders) and as such should clearly remain solely with the Shareholder.
- Number 20 on the list of Shareholder Consent Matters states:  
*The Company and any Group Company shall not, unless it has Shareholder Consent:*  
*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);*

3. While the making of loans is a matter properly reserved for shareholder consent, it has become apparent that this wording also inadvertently catches routine operations between the companies, particularly when properties are transferred between Housing Group companies for development in one company and disposal in another. This might occur, for example, if the holding company were to receive a loan from the Council to make a property purchase, but when in the normal course of business that property is transferred to another group company, say the investment company for sale or letting, the repayment obligations under the loan could not “follow” the property without express shareholder consent.

4. To prevent the companies having to request consent from the Shareholder on each such occasion, the companies would ask the Shareholder to consider granting the Company Boards the following continuous authorisation:

*“The Shareholder grants to the Boards of the three housing group companies continuous authority (until notified to the contrary) to permit any of the said companies to make and accept inter-group loans and inter-group loan transfers, where any such loans or transfers are made to facilitate any company activity which is consistent with the Group’s Business Plan.”*

### **Financial implications**

5. The ability to transfer loan repayment obligations with inter-group property transfers is required in order to be able to demonstrate to the companies auditors and others that the company holding the loan also holds the property, and thus has the ability and security to make the required repayments.

### **Legal issues**

6. Each inter-group loan transfer will need to be properly agreed by the relevant Boards and documented. A short Supplemental Agreement setting out the above proposal is attached to this report as Appendix 1, ready for signature if agreed.

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