

Committee: Local Authority Company Shareholder Sub-Committee

Date: 12th December 2017

Wards: All

Subject: Merantun Development Company Progress Report

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Stephen Alambritis, Leader of the Council
Councillor Martin Whelton, Cabinet Member of Regeneration, Environment and Housing
Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: James McGinlay, Assistant Director for Sustainable Communities

Recommendations:

- A. To note the appointment of two further Directors of Merantun Development Limited
 - B. To note the current position of the agreement of the Company's Shareholder Agreement and Equity Subscription Agreement
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to update the Shareholder Sub-Committee on progress on the appointment of directors to the Merantun Development Limited (the Company), approval of the amended articles of association, the equity subscription agreement and the shareholders agreement.

2 DETAILS

- 2.1. On the 16 October 2017 the Local Authority Company Shareholder Sub-Committee resolved that:
 - The Director of Environment and Regeneration be appointed as the Shareholder Representative;
 - That the Director of Environment and Regeneration, in consultation with the chair of the Sub-Committee, be delegated authority to agree and approve the entering into the Shareholders Agreement and amended Articles of Association; and
 - The Shareholder Representative, in consultation with the chief financial officer (the section 151 officer), to approve the terms of and enter into Finance Agreements, the equity subscription agreement for £160,560 and any further equity subscription agreements required.
- 2.2. The Company will be holding its first board meeting on Wednesday 06 December 2017. It is anticipated that at this board meeting the following resolutions and considerations will be made:

- 1) The appointment of Ian McKinnon and Roger Kershaw as directors of the Company;
 - 2) Approval and adoption of the amendments to the articles of association;
 - 3) Consideration and approval to enter into the shareholders agreement; and
 - 4) Consideration and approval to enter into the equity subscription agreement.
- 2.3. We are currently awaiting the approval of the Director of Environment and Regeneration, in consultation with the chair of the Sub-Committee, with regards to the shareholders agreement, however it is anticipated that the agreement will be entered into before the shareholders sub-committee meeting on 12 December 2017.
- 2.4. We are currently awaiting approval from the Shareholder Representative, in consultation with the chief financial officer (the section 151 officer), with regards to the Equity Subscription Agreement, that was agreed by the Shareholder Sub-committee on 16 October 2017, however approval is anticipated to be entered into before the shareholders sub-committee meeting 12 December 2017.
- 2.5. The amendments to the articles of association have been approved by the shareholder representative in consultation with chair of the sub-committee. To amend the articles of association a special resolution will be required and the special resolution along with the amended articles will need to be lodged with Companies House.
- 2.6. As the Shareholder's Agreement has not been entered into as of the date of this report, the Shareholders Agreement is not in existence and the reserved matters are not in effect until the agreement has been executed. The decision regarding appointment of directors at the date of this report will be governed by the articles of the association currently lodged at Companies House. Notwithstanding that the shareholders agreement at this time has not been executed it is anticipated that the shareholders agreement will be executed by the date of the sub-committee meeting and the reserved matters will come into effect and approval will be required by the sub-committee. In the event that the shareholder agreement is not executed by the date of the sub-committee, as a matter of good practice and courtesy the company seeks approval from the Shareholder Sub-Committee with regard to the appointment of Ian McKinnon and Roger Kershaw.
- 2.7. It is recommended by the Company that Ian McKinnon be appointed as a director of the company due to his extensive experience as a board director in other companies, including CHAS 2013 Limited, which will benefit the company.
- 2.8. It is recommended by the Company that Roger Kershaw be appointed as director of the company due to his extensive experience and knowledge in finance, which will be of benefit to the company.

3 ALTERNATIVE OPTIONS

3.1. None for the purposes of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None for the purposes of this report.

5 TIMETABLE

5.1. An update business plan detailing the funding requirements will be brought to the Local Authority Company Shareholder Sub-Committee meeting on the 20th March 2018 outlining the funding requirements over the 2018/19 and 2019/20 financial years.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. None for the purposes of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1 The legal implications are contained in the main body of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

11.1. None for the purposes of this report.

12 BACKGROUND PAPERS

12.1. None for the purposes of this report.

This page is intentionally left blank