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Wednesday, 27 March 2019

**Chairman: Councillor D Lloyd
Vice-Chairman: Councillor K Girling**

Members of the Committee:

**Councillor R Jackson
Councillor B Laughton
Councillor P Peacock
Councillor D Staples
Councillor T Wendels**

Substitute Members:

**Councillor R Blaney
Councillor Mrs C Brooks
Councillor N Mison
Councillor Mrs L Tift**

MEETING: Policy & Finance Committee

DATE: Thursday, 4 April 2019 at 6.00 pm

**VENUE: Civic Suite, Castle House, Great North Road,
Newark, Notts NG24 1BY**

**You are hereby requested to attend the above Meeting to be held at the time/place
and on the date mentioned above for the purpose of transacting the
business on the Agenda as overleaf.**

If you have any queries please contact Nigel Hill at nigel.hill@newark-sherwooddc.gov.uk.

AGENDA

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1. Apologies for Absence	
2. Declarations of Interest by Members and Officers and as to the Party Whip	
3. Declarations of Intention to Record the Meeting	
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Policy Items for Decision	
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Finance Items for Decision	
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Policy Items for Information	
None	
Finance Items for Information	
None	
Confidential and Exempt Items	
12. Exclusion of the Press and Public	
To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.	

13.	Castle Gatehouse - Decision on whether to proceed to Heritage Lottery Fund Stage 2 Submission	64 - 139
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NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Policy & Finance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts NG24 1BY on Thursday, 21 February 2019 at 6.00 pm.

PRESENT: Councillor D Lloyd (Chairman)
Councillor K Girling (Vice-Chairman)

Councillor R Jackson, Councillor B Laughton, Councillor P Peacock,
Councillor D Staples and Councillor T Wendels

IN ATTENDANCE: Councillor Mrs S Michael, Councillor Mrs P Rainbow and Councillor L Tift.

79 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

There were no declarations of interest.

80 DECLARATIONS OF INTENTION TO RECORD THE MEETING

The Chairman advised that the proceedings were being audio recorded by the Council.

81 MINUTES OF THE MEETING HELD ON 24 JANUARY 2019

The minutes from the meeting held on 24 January 2019 were agreed as a correct record and signed by the Chairman.

82 FORWARD PLAN OF POLICY & FINANCE ITEMS

The Committee noted the Forward Plan items to be considered by the Committee over the next 12 months.

83 CORPORATE OBJECTIVES CONSULTATION

The Organisational Development Officer presented a report which provided Members with the results of the corporate objectives consultation undertaken between October and December 2018. The report set out how the results of the consultation had shaped the content of the corporate objectives included within the Community Plan for 2019-2023.

A copy of the Corporate Objectives Consultation report was attached as Appendix to the report. The consultation consisted of a Parish and Town Council questionnaire, stakeholder feedback, and a resident survey completed by 11,224 residents. This equated to an 11.3% response rate. The corporate objectives were initially drafted by senior officers and Members. The corporate objectives were then shaped to reflect the points raised by residents and the key activities under each objective were prioritised to reflect feedback from residents on those areas identified as requiring the most improvement.

The survey confirmed how important it was for residents to feel safe in their local area and also highlighted the importance of tackling anti-social behaviour and the blights of fly tipping, littering and dog fouling. Residents also expressed their wish for improved care and support for vulnerable groups. The report detailed a number of actions the Council had taken to directly address these issues, including working with the Police for a Town Centre Police Officer, employing two Community Protection Officers and bidding for further funding to support rough sleepers.

The report also detailed the potential legacy as a result of the resident survey with 2,482 residents signing up to a mailing list and 820 residents expressing an interest in joining the newly created Resident Panel which had been created to help the Council understand the views and experiences of residents

The Members analysed some of the findings within the report and the relationship with current service provision and welcomed the further analysis which was to be undertaken at a Ward level.

AGREED (unanimously) that:

- (a) the Corporate Objectives Consultation Report, attached as Appendix 1 to the report, be noted;
- (b) the proposed actions outlined in paragraph 3 of the report 'Legacy of the Resident Survey' be approved and the resident satisfaction be used to inform the Council's performance;
- (c) a copy of the Consultation Report be sent to Nottinghamshire County Council and Highways England highlighting the issues raised by residents surrounding road maintenance and congestion;
- (d) a copy of the Consultation report be sent to Nottinghamshire Healthcare NHS Foundation Trust highlighting the issues raised by residents regarding access to healthcare facilities;
- (e) a copy of the Consultation Report be sent to Nottinghamshire Police highlighting the issues raised by residents regarding reducing crime and lack of a police presence; and
- (f) the outcome of the survey be communicated to Residents via appropriate media including a section in the Corporate Plan and article in the Voice Magazine.

Reason for Decision

To enable Members to consider and take appropriate actions following the outcome of the consultation.

which provided Members with an opportunity to comment on the final draft of a new Community Plan.

The Council's current Corporate Plan had been reviewed and refreshed. In part, this was in response to a renewed focus on the 'Cleaner, Safer, Greener' agenda and also in recognition of the need for greater clarity and understanding about what the Council was trying to achieve which was one of the recommendations from the 2016 Peer Review. The development of the revised objectives included within the plan had been updated and refined following consultation with a range of stakeholders and the results of the residents survey had been used to sense check the objectives within the plan and where appropriate refinements made.

It was proposed that the plan be renamed Newark and Sherwood's Community Plan to better reflect the largely outward facing nature of the plan and acknowledging that its delivery was not something that the Council could achieve on its own. The Community Plan set out the purpose and values of the Council and included eleven objectives underpinned by supporting actions. A copy of the final draft was attached as an appendix to the report.

In respect of the objective contained within the Community Plan titled 'Enhance and Sustain Newark Town Centre' the Committee considered that such an objective was appropriate for all town centres in the District and not just Newark, and it was agreed (with 4 votes for and 3 against) that this be amended to read 'Enhance and Sustain Town Centres'.

AGREED (unanimously) that the Community Plan 2019 – 2023 be recommended to Council for approval and adoption.

Reason for Decision

To enable the Council to adopt a revised plan which in turn will provide focus around delivering what matters most to our communities.

85 PAY POLICY STATEMENT 2019/20

The Business Manager – HR & Organisational Development presented a report which sought to review the content of the Pay Policy Statement for 2019 and subject to any necessary revisions to recommend the Statement to the Council for approval.

In accordance with Section 38 (1) of the Localism Act 2011 the Council was required to produce a Pay Policy Statement for each financial year. The Pay Policy Statement must set out the authority's policies for the financial year relating to:

- the remuneration of the authority's lowest-paid employees (together with a definition of "lowest-paid employees") and the reasons for adopting that definition;
- the relationship between remuneration of Chief Officers and that of other officers (pay multiples); and
- the remuneration of Chief Officers.

A copy of the Pay Policy Statement for 2019 was attached as an appendix to the report. It was noted that the statement had been updated to:

- include a link to the new pay and grading arrangements for officers engaged on NJC terms to reflect the nationally agreed scale points negotiated as part of the two year settlement;
- include amendments to the paragraph on Living Wage given that the Council will be paying an amount equivalent to the Living Wage (£9.00 agreed during November 2018) as part of its substantive pay and grading arrangements following implementation of the revised pay scale; and
- reflect revisions to the management structure arising from the recent restructure.

AGREED (unanimously) that the content of the Pay Policy Statement for 2019/20 be recommended to Council for approval.

Reasons for Decision

To comply with Section 38 (1) of the Localism Act 2011.

86 APPROVAL OF NOTTINGHAMSHIRE'S LOCAL OFFER FOR CARE LEAVERS

The Chief Executive presented a report which provided a summary of the District/Borough Council elements contained within the proposed Nottinghamshire Local Offer for Care Leavers. The proposed local offer was attached as an appendix to the report.

Section 2 of the Children & Social Care Act 2017 required each local authority (including District Councils) to publish a local offer for its care leavers (18 – 25 years). This would provide information about all the services and support, statutory and discretionary that was available to care leavers from each local authority. Through the Nottinghamshire Local Authorities Chief Executives' Group, the County Council and District/Borough Councils had agreed to create one joint single Care Leaver Offer for Nottinghamshire. The District/Borough Councils' Chief Executives had expressed an 'in principle' support for the proposals subject to the relevant approval of their respective Councils.

The elements of the local offer relevant to the District Council were detailed in the report and related to employment, skills and apprenticeships, housing, and physical and mental health. In addition, all Nottinghamshire Borough/District Councils had previously agreed to exempt care leavers from council tax up to their 25th birthday as part of the development of this local offer.

Members noted that the draft local offer did not include the Dukeries Academy within the list of Further Education Colleges within easy access to Nottinghamshire care leavers.

AGREED (unanimously) that:

- (a) Members express their commitment to, and support for, the proposed

Nottinghamshire Local Offer for Care Leavers and refer approval of the various Borough/District Council elements to the relevant committees; and

- (b) future consideration be given to how Borough/District Councils might work with Nottinghamshire County Council to support Looked After Children and those at risk/vulnerable of becoming so.

Reason for Decision

To fulfil statutory Corporate Parenting duties, improve lifetime outcomes for Nottinghamshire's care leavers and to reduce lifetime local and national spend on care leavers.

87 GENERAL FUND AND CAPITAL PROJECTED OUTTURN REPORT TO 31 MARCH 2019 AS AT 31 DECEMBER 2018

The Business Manager – Financial Services presented a report which compared the revised budgets for both the General Fund Revenue and Capital Programme, for the period ending 31 March 2019, with the Projected Outturn forecast for the period based on three quarters performance information.

The appendices to the report detailed anticipated performance against budget for the period to 31 March 2019. The overview of the General Fund Revenue budget showed a projected favourable variance against the revised budget of £213k on Service budgets, with an overall favourable variance of £959k. The main variations from the revised budget were detailed in the report.

In respect of the Capital Programme resources the estimated outturn of £26.425m would be financed through borrowing, external grants and contributions, capital receipts and revenue contributions as set out in the report. It was noted that any savings on capital projects would be assessed and used to meet additional demands or to fund the Capital Programme in future years.

AGREED (unanimously) that:

- (a) the General Fund projected favourable outturn variance of £959k be noted;
- (b) the variations to the Capital Programme at Appendix B to the report, totalling - £6.057m be approved; and
- (c) the Capital Programme projected outturn and financing of £26.425m be noted.

Reason for Decision

To update Members with the forecast outturn position for the 2018/19 financial year.

88 REVENUE BUDGET - PROPOSED BUDGET 2019/20

The Business Manager – Financial Services presented a report which enabled Members to consider spending proposals and recommendations to the Council for the

budget in 2019/2020.

The report set out the details of the proposed budget for the Council in 2019/2020. The budget proposals had been formulated in accordance with the framework set out in the Council's Constitution with the initial report having been presented to the Policy Committee on 20 September 2018. It was noted that the level of discretionary fees and charges for services provided by the Council were considered as part of the budget process rather than being implemented piecemeal throughout the year. The proposed fees and charges for 2019 were detailed in the report and would be included in the budget book which forms part of the agenda for the full Council Meeting.

The Local Government Finance Settlement provided key figures for Government Grant that formed part of the Council's budget. The draft settlement was announced on 13 December 2018 and was confirmed on 29 January 2019. It was reported that the overall Business Rates income was expected to rise by £1,262,100 due to an increase in the rateable value in the rating list.

The report had been prepared by the Resources Directorate in conjunction with the appropriate Committees and relevant budget holders. In accordance with the Constitution, all Members, Directors and Business Unit Managers had been involved with the preparation of the budget.

AGREED (unanimously) that it be recommended to Council on 7 March 2019 that:

- (a) the Employee Plan shown in Appendix C to the report be noted;
- (b) the following amounts be now calculated by the Council for the year 2019/2020 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:
 - (i) £47,478,210 being the aggregate of the amounts which the Council estimates for items set out in Section 31A(2)(a) to (f) of the Act (the gross District Council expenditure for 2019/20);
 - (ii) £35,499,020 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (the gross District Council income for 2019/20); and
 - (iii) £11,979,190 being the amount by which the aggregate at (a)(i) above exceeds the aggregate at (a)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year;
- (c) the figures shown as (b)(i) and (b)(iii) above to be increased only by the amount of Parish Precepts for 2019/20;
- (d) the budget figures included in the report be the Council's budget for 2019/20; and

- (e) the fees and charges shown in Appendices D to W to the report be implemented with effect from 1st April 2019.

Reason for Decision

To enable Policy & Finance Committee to make recommendations to Full Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 for the purposes of setting Council Tax levels for the year 2019/20.

89 CAPITAL PROGRAMME 2019/20 - 2022/23

The Business Manager – Financial Services presented a report which detailed the available capital resources, the Council’s existing committed Programme and the priority schemes identified. In accordance with Financial Regulations the Policy & Finance Committee was required to consider the Capital Programme and recommend to Council the final Programme.

In respect of the general fund capital expenditure the Council intended to spend £33.3m from 2019/20 to 2022/23 on the schemes as set out in Appendix A to the report. In respect of the Housing Revenue Account expenditure the Council intended to spend £57.9m from 2019/20 to 2022/23. This was made up of £20.9m on existing property investment and £37m on Affordable Housing. The HRA property investment and development programme were set out in Appendix B to the report.

AGREED (unanimously) that:

- a) the Committee supports the General Fund Capital Programme 2019/20 – 2022/23 totalling £33.322m as detailed at Appendix A to the report, and recommends these to Full Council on 7 March 2019; and
- b) the Committee supports the Housing Revenue Account Capital Programme 2019/20 – 2022/23 totalling £57.969m, as detailed at Appendix B to the report, and recommends these to Full Council on 7 March 2019.

Reason for Decision

To enable the Capital Programme to be considered by the Policy & Finance Committee in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

90 MEDIUM TERM FINANCIAL PLAN 2019/20 - 2022/23

The Business Manager – Financial Services presented a report concerning the Medium Term Financial Plan (MTFP) for 2019/20-2022/23. A copy of the MTFP was attached as an appendix to the report.

The MTFP was a Corporate Plan to assist both Members and Officers to manage the Council’s finances within a clear framework. It set out the Council’s spending plans to support its strategic priorities over the current financial year and the following three years and detailed how that spend would be funded through grants, fees and charges,

local taxation, reserves and other income.

The MTFP showed that whilst the Council managed to balance the budget for 2019/20 because of prudent decisions made in the past, future funding of its services would depend on its ability to raise additional income, otherwise it would need to make up funding gaps by increasing Council Tax or/and depleting its general fund reserves.

The MTFP was due to be refreshed during June 2018 to reflect the expectations of future income and expenditure however this was deferred to enable strategic input from the new Chief Executive and Leader of the Council.

AGREED (unanimously) that:

- (a) the Medium Term Financial Plan for 2019/20 to 2022/23 be recommended to Council for approval; and
- (b) Council approve the change in the minimum level of General Fund Balance, as set out in paragraph 1.8 of the Medium Term Financial Plan, from a 15% of Net Budget Requirement to a fixed balance of £1.5m.

Reason for Decision

To provide a framework to support the Councils future spending plans.

Meeting closed at 7.09 pm.

Chairman

Forward Plan of Policy & Finance Committee Decisions from 1 April 2019 to 31 March 2020

This document records some of the items that will be submitted to the Policy & Finance Committee over the course of the next twelve months.

These committee meetings are open to the press and public.

Agenda papers for Policy & Finance Committee meetings are published on the Council's website 5 days before the meeting <https://democracy.newark-sherwooddc.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>. Any items marked confidential or exempt will not be available for public inspection.

Meeting Date	Subject for Decision and Brief Description	Contact Officer Details
27 June 2019	Housing Revenue Account Business Plan and Financial Model Refresh	rob.main@newark-sherwooddc.gov.uk
27 June 2019	Re-constitution of Working Parties / Task and Finish Groups	nigel.hill@newark-sherwooddc.gov.uk
27 June 2019	Standards Annual Report	catharine.saxton@newark-sherwooddc.gov.uk
27 June 2019	Yorke Drive Estate Regeneration Programme	rob.main@newark-sherwooddc.gov.uk

POLICY & FINANCE COMMITTEE

4 APRIL 2019

ANNUAL REVIEW OF THE EXEMPT REPORTS CONSIDERED BY THE POLICY & FINANCE COMMITTEE

1.0 Purpose of Report

1.1 To provide the Policy & Finance Committee with a list of the exempt business considered by the Committee for the period 15 May 2018 to date.

2.0 Background Information

2.1 The Councillors' Commission at their meeting held on 25 September 2014 proposed a number of changes in respect of exempt information, one of which being that 'the Committees undertake an annual review of their exempt items at their last meeting prior to the Annual Meeting in May'. This was ratified by the Council on 14 October 2014.

2.2 Members will also be aware that the Council agreed a review mechanism for exempt items which was incorporated into the Access to Information Procedure Rules. Rule 18 provides Members with a mechanism to request a review of exempt information with a view to this being released into the public domain should there be substantive reasons to do so.

3.0 Proposals

3.1 The following table provides the exempt business considered by the Policy & Finance Committee for the period 15 May 2018 to date:

Date of Meeting	Agenda Item	Exempt Paragraph	Opinion of Report Author as to current status of the report
28.06.18	Newark Beacon – Business Innovation Centre	Paragraph 3	Information remains confidential
	Purchase of Additional Parcel of Lane from Tarmac	Paragraph 3	Information remains confidential
	Urgency Item – Land at Quibell's Lane, Newark	Paragraph 3	No longer exempt
20.09.18	Castle Gatehouse – Review and Proposals	Paragraph 3	Information remains confidential
	Former Robin Hood Hotel – Proposed Joint Venture Scheme with M.F. Strawson Ltd	Paragraph 3	No longer exempt
	Truck Cartels Litigation	Paragraph 3	Information remains confidential

29.11.18	Former Robin Hood Hotel – Proposed Joint Venture Scheme with M.F. Strawson Ltd	Paragraph 3	No longer exempt
	Update Regarding Pay and Grading Arrangements 2019 for Employees on NJC Terms and Conditions of Service	Paragraph 4	Information remains confidential
	Modular Pool at the Dukeries Leisure Centre	Paragraph 3	No longer exempt
	Land on the South Side of Moor Lane, South Clifton	Paragraphs 1&3	Information remains confidential
	Yorke Drive Estate & Lincoln Road Playing Fields, Bridge Ward – Regeneration Proposals (Funding Position) (Appx B to report only)	Paragraph 3	Information remains confidential
	The Buttermarket, Newark	Paragraph 3	Information remains confidential
24.01.19	Buttermarket Update	Paragraph 3	Information remains confidential
	Land at Quibell’s Lane, Newark	Paragraph 3	No longer exempt
	Southwell Leisure Centre Trust	Paragraph 3	Information remains confidential

4.0 RECOMMENDATION

That the report be noted with those items which are no longer considered as exempt being released into the public domain.

Reason for Recommendation

To advise Members of the exempt business considered by the Policy & Finance Committee for the period 15 May 2018 to date and those items which can now be released into the public domain.

Background Papers

Nil

For further information please contact Nigel Hill, Business Manager – Elections & Democratic Services on Ext: 5243.

John Robinson
Chief Executive

POLICY & FINANCE COMMITTEE

4 APRIL 2019

PARTNERSHIP FOR THE EAST MIDLANDS BUILDING CONSULTANCY

1.0 Purpose of Report

1.1 To seek authorisation to extend the current contract for the provision of the Council's building control functions by the East Midlands Building Consultancy (EMBC) for a further 12 month period.

2.0 Background Information

2.1 Members will be aware that in April 2016 the Council entered into a partnership previously formed between South Kesteven (SKDC) and Rushcliffe District Council's (RDC) to provide the Council's Building Control service. This partnership is called the East Midlands Building Consultancy and is delivered and hosted by SKDC. The contract with EMBC runs for 3 years, ending in April 2019, albeit this can be extended by agreement.

2.2 The reasons for entering into the partnership were captured by a report to the Policy & Finance Committee on 24 March 2016 report. They principally included:

- a) the inability of the service to reduce its strain on both the general fund and a substantial ongoing deficit; and
- b) Issues with staff retention and recruitment given the attractiveness and pay of the private sector.

2.3 Following 3 years of operation EMBC has successfully arrested the previous financial decline of the service. As is demonstrated by the tables below the net costs of the service has been reduced. Critically, the deficit has been reduced to such a degree that the expected year-end position for both NSDC and SKDC is that they will have cleared any deficit by the end of the current financial year.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
NET COST (£)	180,607	136,764	120,178	43,920*	152,715	138,634	92,974	104,130

* 3 no. staff members left

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
DEFICIT (£)	-114,068	-95,429	-66,117	-187,490	-91,324	-66,366	-7,077	15,233

3.0 Proposal

3.1 EMBC has demonstrated success since its inception in increasing market share, fee income, staff resiliency, and reducing the level of deficit for all three Local Authority Partners. As shown at paragraph 2.2, the forecast is that two of the partners will be in a position to clear any deficit within the financial year 2018/19. The Council could take a decision to continue with the EMBC Partnership as it is for the foreseeable future. Whilst this may ultimately be recommended, Members are advised that EMBC Partner Chief Executive Officers are now turning their attention to the future opportunities and potential for EMBC. On this basis, a 12 months extension only is recommended at the current time.

- 3.2 An aspiration to progress EMBC further has always been present, if matched by demand from other Local Authorities to possibly join the partnership or work closely with it. There have been previous approaches from 2 authorities in the region to join.
- 3.3 EMBC will shortly be commissioning specialist advice for growth options. This would offer a framework for due diligence and consideration of the risks involved with acquiring other authority services (likely with a deficit need) or working with them. Options would be appraised in order to ensure they continue to meet the requirements of high quality, efficient service and reduce general fund contributions and ultimately profit generation. The NSDC Commercials team has assisted in preparing the commission which will broadly focus on two options (accepting that this Council will ultimately have a third option, which is to bring the service back in-house and grow a new team):
- a) continue with the 3 way partnership, 'as is' and servicing other Councils via management company
 - b) a company model – wholly owned trading company
- 3.4 In appraising the above options the commission requires that any proposals have regard to achieving the following:
- Costs reduction for all partners
 - Economies of scale
 - Deficit reduction and a balanced trading account
 - Synergy and opportunity to grow market share
 - Improved customer service and resilience
 - Staff development
 - Opportunity for alternative delivery models
 - Contribution to the delivery of the partner's wide strategic objectives.
- 3.5 It is expected that feasibility work will be concluded in May 2019, allowing discussion between the EMBC partners. Options, including that preferred, will then be presented to the Members of each partner Authority in summer 2019.

4.0 Financial Implications (FIN18-19/4033)

- 4.1 Continuing the Partnership for the next 12 months is unlikely to have any financial implications beyond the already forecast budgetary position. Now the deficit has been cleared there is an expectation that any surplus is deducted from the Management fee paid to EMBC, reducing the required contribution from the general fund. The proposed work on feasibility options will be a separate financial commitment from the host authorities (as opposed to a cost EMBC will absorb themselves). NSDC's one-third contribution will not exceed £10,000. The reduction in the management fee due to a surplus will be able to cover this additional £10,000 if the surplus continues as projected.

5.0 RECOMMENDATIONS that:

- (a) **the existing contract with East Midlands Building Consultancy to continue to deliver Building Control Services in partnership with Rushcliffe Borough Council and South Kesteven District Council be extended until April 2020; and**

- (b) the commission to explore growth opportunities as detailed in paragraphs 3.3 – 3.5 of the report, and the intention to bring such options back to the Committee when complete, be noted.

Reason for Recommendations

To provide a sustainable Building Control service in partnership with neighbouring authorities.

Background Papers

Report and appendices to the 24 March 2016 Policy & Finance Committee

For further information please contact Matt Lamb on Ext 5842.

Matt Lamb
Director – Growth & Regeneration

POLICY & FINANCE COMMITTEE

4 APRIL 2019

HOUSING MANAGEMENT REVIEW

1.0 Purpose of Report

1.1 To report back to the Committee following the completion of the Strategic Housing Liaison Panel's review of the options for managing the Council's housing stock and to make recommendations on the preferred route forward.

2.0 Background Information

2.1 At its meeting on 29 November 2018, the Policy & Finance Committee agreed to initiate a review of the housing management arrangements for the Council's housing stock. It tasked the Strategic Housing Liaison Panel (SHLP) to undertake the review work looking at two options (the options), either to:

- i. Retain the current arrangements by which Newark and Sherwood Homes Ltd (NSH) manage and maintain the Council's housing stock; or
- ii. Re-integrate the housing landlord service into the Council.

2.2 The Strategic Housing Liaison Panel undertaking the review work consisted of six Council representatives (councillors) and five NSH board members.

2.3 To assist SHLP in its work the Council engaged specialist housing consultancy support (Savills) to assess and advise on the optimal way forward taking into account the Council's objectives for the review. The Consultants have reviewed a wide range of detailed numerical and written material and evidence submitted to them by the Council, NSH and tenant representatives, all of which is reflected in its final report and recommendations (this is attached as an exempt document at Item 15 on the agenda).

3.0 Objectives of the Review

3.1 The two options have been assessed against the following objectives, which are grouped into four overall headings around tenants, operational, financial and reputational. There is inevitably some overlap between these objectives.

TENANTS

- Maximise the ability within the HRA Business Plan to provide:
 - good services for existing tenants
 - new additional affordable housing for future tenants, evidenced through housing need
- Deliver the clearest focus on core housing management services
- Maximise satisfaction through tenant engagement and involvement
- Provision of services to reflect tenant priorities

OPERATIONAL

- Provide an efficient and effective housing management service to tenants, meeting their priorities

- Provide a joined-up service with other relevant service provision by the Council
- Provide a cost effective and efficient operational base to provide core housing management functions
- Manage the implications resulting from the anticipated changes in national policy.

FINANCIAL

- Deliver savings to the HRA that can be reinvested into tenants' services, homes (*existing and new*) and neighborhoods.
- Provide the most cost efficient model of service delivery to sustain a viable HRA BP, having regard to the impact of national housing policy
- Mitigate financial pressures on the Council's general fund where relevant and appropriate.
- Remove and/or reduce duplication between services provided by the Council and the Company.
- Provide transparency and reduce the cost of the client function to the Council.

REPUTATIONAL

- Achieve greatest alignment with the Council's strategic priorities
- Manage ongoing risk to the Council as the Asset Owner

4.0 Work of the Strategic Housing Liaison Panel

- 4.1 SHLP has met five times on 7 January, 14 January, 11 February, 25 February and finally on 4 March 2019. The Consultant presented an interim report to the Panel at its meeting on 11 February setting out initial findings following which the Panel, NSH and the Council were invited to submit responses and further information/evidence, all of which were taken into account by the Consultant in his final report, presented to the Panel on 4 March. The Panel has overseen, received and had an opportunity to test the review work done by Savills, which has culminated in its final report.
- 4.2 SHLP has also received reports from NSH during its review work. These reports highlight the fact that service performance by the Company is widely acknowledged to be good and performance data demonstrates a relatively low cost of service delivery in all main respects. This is recognised by the Council, however the issue is whether the Company is the optimum model of delivery for the Authority going forward into the future given the current and changing landscape.
- 4.3 During the review the Company has suggested opportunities for the Council to delegate further services to it, indicating the potential for savings of c£700k to the General Fund, however it is questionable as to whether this is a realistic figure. Furthermore, as Savills have pointed out in their report, it would be possible for these savings (whatever the true figure) to be delivered under both of the two options. In any event the review should be seen in the context of the Council's ambitions for growth, diversification and service delivery, rather than in the context of how NSH might take on a lead role for diversification and investment. The Company has also highlighted the potential risk to service delivery if the integrated option is pursued – this report addresses this risk in paragraph 8. Finally, the Company has offered to review its management and board structure to deliver efficiencies but the fact remains that this would not address the 'premium' (or cost) of having a company model for the delivery of the housing service.

4.4 The Tenants Participation Advisory Service was commissioned by the Council to hold a tenant's workshop as part of the review. TPAS produced a report to SHLP following this workshop. The key outcomes from the workshop, which involved a small number of involved and well informed tenants selected by NSH from their tenant engagement structure, were that:

- NSH was trusted to provide a high level of service, albeit that there were areas that needed improvement;
- There was some anxiety that the option of bringing the housing service in-house might lead to a loss of housing focus, less tenant influence, and possible dip in service;
- Tenants were very interested in efficiencies and developing further tenant involvement and trust;
- Involved tenants prioritised the development of additional social housing almost on a par with existing homes.

4.5 SHLP also had evidence submitted to it from two of the unions representing staff employed by NSH. The union feedback was that many of the staff feel comfortable with the service coming back in-house.

5.0 Summary of Savills Report

5.1 The overall conclusions are set out in paragraph 7.2 of the Savills report:

- The consultants consider that in addition to the objectives set out for the review in paragraph 3.1 above, the major considerations for the Council are:
 - i. The evolving and changing service backdrop within the Council around a range of new initiatives and new thinking around core service delivery, (focussed on the Cleaner Safer Greener campaign) and its commitment to a new delivery and investment vehicle (Arkwood Developments Ltd); and
 - ii. The recent progression in the relationship between the Council and Newark & Sherwood Homes which has resulted in increasing challenges and to an extent some misalignment.
- There is considerable financial opportunity to realise efficiencies through re-integrating the service back within the Council as a directly provided service.
- Savills have estimated that a minimum of **£0.95m** annually could be realised through the discontinuation of NSH and through the reintegration of landlord and the associated support services into the Council (subject to one off costs of transition). By way of example, annual efficiencies of £950k could sustain new borrowing of more than £25m to deliver a programme of c200 homes, or alternatively to deliver year on year investment from revenue of up to 10 new homes per year. Further opportunities to achieve synergies would almost certainly arise as NSH teams are reintegrated with similar service provision within the Council. Realisation of these efficiencies would primarily be within the HRA, allowing these to be released to invest in improved services, new homes and regeneration.
- Further opportunities arise from the potential release of feed in tariff income up to **£0.5m** per annum from the HRA, which is currently 'pass ported' through to NSH.
- There is also opportunity to realise synergies from the integration of front-line services, (as highlighted by the Company in the context of NSH delivering additional services for the Council – and referred to in paragraph 4.3 above), which could be delivered directly within the Council through completely integrated services. If achieved these efficiencies would be realised primarily within the General Fund.

- The reserves currently held by NSH are also able to be released for reinvestment by the Council on housing services within the HRA. These are likely to be at least **£3m** (as at April 2019).
- Whilst it might be possible to realise similar synergies through the current delivery model with NSH, the quantum of efficiencies (being over 10% of the Management Fee) risks the growth of further strain and misalignment in the relationship between the Council and the Company. There is also significant risk that to achieve this scale of efficiencies, there would have to be a reduction of resource put into front line service delivery.

6.0 Conclusions and Recommendations

- 6.1 As the report by Savills shows, the fundamental question is whether there is good reason to retain NSH given the scale of the efficiencies that could be released to the HRA through integrating the service within the Council, particularly given that the initial reason for setting up the Company, to access funding for the Decent Homes Programme has ended. Housing service planning has been fundamentally changed by the self-financing of the Housing Revenue Account (HRA) and the advent of 30 year business planning requirements introduced in 2012/13 under the Localism Act 2011. Added to this changing financial landscape, is the government's more recent decision in November 2018 to lift the HRA borrowing cap for local authorities. This has given councils even more flexibility to increase their affordable housing stock without the need to necessarily do this through a separate ALMO vehicle, along with greater opportunity to invest in landlord services. For additional national context, it should be noted that whilst there were 69 ALMOs in place in 2009, 31 have been brought back in-house.
- 6.2 The recently published Social Housing Green Paper: A 'New Deal' for Social Housing, sets out a new vision for social housing with five principles to underpin a new, fairer deal for social housing residents. The proposals in the Green Paper will see national regulation of the housing function for all local authorities with a HRA function irrespective of how that function is delivered. Direct control over service delivery would undoubtedly make it easier for the Council to ensure that it complies with this new regulatory regime.
- 6.3 The Council's financial and operational position has moved on significantly in the last 5 years. It has maintained a strong financial position, despite 5 more years of austerity at a national and local level. It has done so by focussing the Council's future finances around long-term planning for income and investment, securing year on year efficiencies and savings for example through the move from Kelham Hall to the newly built Council offices, setting up company vehicles for direct service delivery where this can achieve efficiencies (e.g. Active4Today Ltd), or income generation/investment returns (e.g. Arkwood Developments Ltd). Since 2012/13, which saw the initiation of the self-financing agenda, the General Fund has had its government funding reduced by £3.388m (45%). There has also been diversification of service delivery within the Council, mirroring a trend within all councils towards driving efficiencies in service delivery to make the most of resources available. The Council's move to newly designed and developed offices in the centre of Newark is also providing significant opportunities for the integration of team working across the Council, and co-location and working with partner agencies – all of which has improved the customer experience.

- 6.4 There are sound business reasons for the Council to wind up the Company and bring the service back in-house. The re-integration of the housing service would enable a more joined up service delivery with the rest of the Council services, and the significant efficiencies identified for the HRA would mean more money to spend on housing support, repairs, estate improvements and investment in the development of new affordable housing. Savills' report also identifies savings and efficiencies for the General Fund, albeit on a smaller scale than for the HRA. Therefore, for the Council, its tenants and council taxpayers – bringing the housing function back in-house provides a significant opportunity to bolster capacity, broaden the span of the Council's housing activity, and deliver related front line services such as estate management & improvement, ASB, and the Cleaner Safer Greener agenda in a more co-ordinated and synchronised way across the whole district.
- 6.5 Whilst both of the options have the potential to deliver against the Council's objectives for the review to a greater or lesser extent, the reintegration of the housing landlord service into the Council gives the better opportunity to control and influence the direction of the service and the release of significant financial resources.
- 6.6 The Company's Board and management have a track record to be proud of and this is to be commended. However, the Council also has a proactive record of innovation and value for money and is continually developing its services for its residents and businesses. As the sole shareholder of NSH, the Council cannot afford the luxury of maintaining a separate housing company if it can save money by the re-integration of the housing service back into the Council and deliver better 'value for money' for its tenants. Whilst the Company has put forward proposals for efficiencies, Savills report has identified that the anticipated efficiencies that were proposed in the Council's last review of the housing service (in 2012/13) have not been driven forward in the management fee to the extent that the Council has achieved with its other services. This inevitably affects the confidence of the Council around the future delivery of these efficiencies by retaining the current Company delivery model.

7.0 Tenant Consultation

- 7.1 Tenants are absolutely key to the review process and one of the overriding factors on the future of the housing service must be the benefits provided to tenants. There is a statutory requirement for tenants and leaseholders to be consulted on the proposal to re-integrate the housing service back into the Council and dissolve the Company as a consequence. It is recommended that a wide ranging consultation be undertaken on the proposals focussing principally around a survey/questionnaire to be sent to each tenant/leaseholder but also to include meetings, tenant events, newsletters, social media, etc. to maximise engagement in the process. It is proposed that the survey/questionnaire be conducted by an independent organisation and that quotes for this work be sought from companies with this expertise eg. IPSOS Mori, ERS etc. The cost of this consultation will be met from the HRA. It is proposed to conduct an 8 week consultation period to begin following the local elections. The Council will work with tenant representatives to develop the consultation programme.

8.0 Planning Considerations and Management of Risk

- 8.1 There are a series of key elements and planning steps that would need to be put in place should the Council be minded to bring the service in-house for direct provision by the Council and close down Newark and Sherwood Homes. These steps are intended to ensure that any transfer back in-house will be successful, to the benefit of the tenants, and manage any risks of adverse performance impact due to a lack of focus from the transition and a change in senior personnel.
- 8.2 The principal consideration is that the Council must consult on its proposals to bring the service back into the authority, and the rationale for the decision, giving tenants the opportunity to feedback their views on the proposal. There is a reputational risk to the Council from closing down a company that is perceived as doing a good job and the authority will therefore need to make clear its plans for change in the context of efficiencies, enhanced service delivery and investment in new homes. There should also be a process developed to continue and enhance tenant engagement and involvement in the housing management service, and this could involve the Company's Board as a consultative body.
- 8.3 Should tenants support the proposal, planning for re-integration would need to incorporate the following key steps:
- Design and implement a revised structure for the Council including the housing landlord service, and associated support services. Experience of other local authorities that have successfully re-integrated housing services have shown that it is key to retain a strong service lead for landlord services ensuring a good continuity with the previous ALMO service with a minimum of disruption on the transition, maintain focus on housing and landlord services, and to involve & engage tenants effectively in the development of these services. Management services and repairs services have often been successfully combined alongside other estate and 'place based' services into a Neighbourhood/Housing related services and it is proposed to draw upon these positive examples when designing the revised structure;
 - Engage temporary housing/project management resource and support to provide additional capacity and expertise for the Council during the period between now and the formal end of the contract with NSH to ensure the smoothest service transfer. The cost of this will be met from the HRA;
 - Develop the necessary HR plan to manage the transfer of staff from NSH to the Council on the transfer date in accordance with the requirements set out under the Transfer of Undertakings (Protection of Employment) Regulations 2006, commonly referred to as "TUPE". This will require significant resourcing to manage and the Council will need some temporary HR capacity to support this. The cost of this will be met from the HRA.

When developing this plan the Council will need to have regard to the obligation to inform and consult trade union representatives of "affected" employees long enough before the transfer takes place to enable both employers (NSH/Council) to consult with the appropriate representatives as set out under Reg. 13(2) of the TUPE Regulations 2006:

- The Council will also need to consider what “measures” it intends to take in relation to employees that are due to transfer to the Council including but not restricted to an organisational restructure, as set out above. Where appropriate, redundancy consultations will also need to take place in accordance with approved policies and procedures for NSH and the Council;
- Appointment of appropriate legal advisers to the board of NSH on their responsibilities during the wind-down of the Company;
- Develop a plan for reinvestment of planned efficiencies including – towards improved services, investment into existing homes and development of new homes (or a combination of these);
- Develop a revised approach to tenant engagement and involvement, which would reflect the feedback from involved tenants during the Review, and reflect an ongoing commitment to active engagement and involvement of tenants in the future of the service; and
- Refresh the HRA Business Plan in the context of re-integration, achievement of efficiencies and reinvestment commitments – allowing the Council to demonstrate the long-term benefits that reintegration of the service could deliver.

8.4 To ensure that resources are effectively managed, it is proposed that temporary transition arrangements be put in place from the date of approval of this report. All future contracts, establishment and staffing changes including redundancy and recruitment decisions will need Council Senior leadership approval.

9.0 Financial Implications (FIN18-19/6122)

9.1 Based on the Savills report, there are significant efficiencies to be generated from the re-integration of the Housing Management Service. These efficiencies can then be re-invested in further services for tenants and investment in new homes.

9.2 There may also be opportunities to increase further the total efficiencies that could be generated from the re-integration of the service once more detailed discussions take place. Contracts for services and consumables can be re-aligned across the Council to ensure that the organisation is receiving maximum value for money on its purchases.

9.3 The plan for re-investment of the efficiencies will be formulated over a period of time, strategically taking into account the tenants’ and Councils’ priorities and how best to maximise the potential of the resources made available through the efficiencies generated.

9.4 The proposals detailed in paragraph 8.3 above, regarding support for the next stages in the process are difficult to quantify in terms of value. Best estimates are that a budget of £150,000 be made available, from the HRA, in order to fund the activities outlined above, and within recommendations b), d) and f) below. Members will be informed of progress against this budget during subsequent update reports to this committee.

10.0 Equalities Implications

10.1 There are no direct equality implications arising from this report. Any proposed changes to operations and the consequential impact upon customers and staff will need to be considered in terms of any possible negative impacts on any protected characteristics

11.0 RECOMMENDATIONS that:-

- a) the Committee agree in principle to the decision to bring the housing management services in-house for direct service provision by the Council, such decision to involve the consequential winding up of Newark and Sherwood Homes Ltd;
- b) the Council undertake an independent consultation exercise with its tenants and leaseholders, (the cost of which is to be met from the HRA), and a staff programme to take into account their views on the future of the housing service;
- c) the Chief Executive consider and design a revised management and staffing structure for the Council to incorporate the housing landlord service, and associated support services;
- d) temporary housing/project management resource and support be engaged to manage the period between now and the formal end of the contract with NSH to ensure the smoothest service transfer, the cost of which is to be met from the HRA;
- e) the temporary transition arrangements referred to in paragraph 8.4 of the report be put in place from the date of approval of this report;
- f) temporary HR resource be approved to provide the capacity to support the proposal as indicated in paragraph 8.3 of the report, the cost of which will be met from the HRA;
- g) new tenant arrangements be drawn up for their future input into the housing service; and
- h) a further report on the outcome of the consultations with tenants and staff be submitted to the Policy & Finance Committee for final consideration and determination.

Reason for Recommendations

To enable the Council to progress the optimum means of delivery of the Housing Management Services for its council housing stock.

Background Papers

Nil

For further information please contact Karen White on Ext 5240.

Karen White
Director - Governance & Organisational Development

POLICY & FINANCE COMMITTEE

4 APRIL 2019

ESTATE REGENERATION - YORKE DRIVE ESTATE AND LINCOLN ROAD PLAYING FIELDS PROPOSAL

1.0 Purpose of Report

1.1 To report progress on the masterplan proposals developed for the Yorke Drive Estate and the Lincoln Road Playing Fields in Bridge Ward, Newark using funding secured from the Ministry of Housing, Communities & Local Government's (MHCLG) Estate Regeneration Programme.

2.0 Background Information

2.1 The Policy & Finance Committee has previously received reports in September 2017, June and November 2018, which set out the background to the Yorke Drive regeneration project, emanating from the 2012 Bridge Ward Neighbourhood Study, and progress to submit an outline planning application.

Outline Planning Application

2.2 In this respect, and in accordance with the approvals agreed by Committee in November 2018, an outline planning application was submitted for the master plan proposal in early December 2018 and is scheduled to be determined at the 2nd April 2019 Planning Committee.

2.3 The outline planning application has been submitted on the basis of delivering up to 320 homes (market & affordable units) and full details of the application can be found in the current Design & Access Statement:

https://publicaccess.newark-sherwooddc.gov.uk/online-applications/files/716F610B7A5606C46ED191EEF98158A4/pdf/18_02279_OUTM-REVISED_DESIGN_AND_ACCESS_STATEMENT-949467.pdf

2.4 In December 2018 all residents on the Yorke Drive Estate received a letter inviting comments on the regeneration proposals and formal planning application. The letter also contained details of the 'residents offer' for council tenants and homeowners whose homes are affected by the demolition and redevelopment.

2.5 In addition, as part of the statutory process, all Council tenants affected by the proposed demolition have now been served with an 'Initial Demolition Notice' as prescribed under the Housing Act 1985. Consultation was undertaken with the Yorke Drive Resident Panel prior to this being hand delivered to each affected tenant.

3.0 Funding

3.1 The project still has a funding gap as reported to the Committee in November 2018, though the true extent of the gap will only be known once the planning application has been approved, development delivery structures identified and the Council has secured a development partner.

Accelerated Construction Programme

3.2 At the September 2017 Committee meeting it was noted that the regeneration proposals had been shortlisted as a potential project under Homes England's Accelerated Construction Programme (ACP), aimed at accelerating the release and development of public land to help meet housing targets. The principles underlying the programme were funding to achieve:

- Homes built out faster than the normal pace
- Use of local builders or smaller construction firms
- Increased use of modern methods of construction

3.3 As reported to the November 2018 Committee Homes England has made a provisional funding offer to the Council of £2m under this programme and subsequently further development appraisals have been submitted to Homes England as part of their technical due diligence process.

3.4 Discussions continue with Homes England officers locally to gain further clarity on the detail of the programme so that all the necessary due diligence work is undertaken, which will then determine whether the funding conditions are acceptable to the Council.

3.5 A key requirement of the programme is that the Council will have to ensure all predevelopment works, as determined under the funding agreement, are completed and expenditure drawn down by March 2021.

Funding Gap Mitigation

3.6 Homes England also require assurance from the Council on how it proposes to mitigate the risk of the funding gap, measures the Committee will need to consider going forward include:

- Seek increased public sector funding (grant, low cost loans, etc.)
- Utilisation of the Housing Revenue Account (*further to removal of the debt cap*).
- Utilisation of the General Fund Capital Programme (*the Council's current contribution is land*).
- Review of the rent model assumptions.
- Recycle some of the Council controlled planning contributions into the scheme (e.g. for community facilities.)
- Procuring a development partner (*see below*).
- Undertaking a value engineering exercise with the preferred development partner, along with considering modern methods of construction.

- 3.7 Dependant on the outcome of the ongoing due diligence work being undertaken, Homes England have advised that to meet the funding timescales the agreement will need to be signed and secured by the end of April 2019.
- 3.8 Set against the above, and with the Committee's next meeting being in June 2019, it is proposed that Delegated Authority is given to the Director - Governance and Organisational Development, in consultation with the Director of Resources, to enter into the ACP funding agreement with Homes England.
- 3.9 Homes England has also confirmed that the new build affordable units to be delivered within the master plan proposals are applicable for grant funding through the Affordable Homes Programme, subject to a securing a successful funding bid.

Development Partner

- 3.10 Reflecting on the contents of paragraph at 3.6, external legal advice has now been commissioned to determine the most appropriate development vehicle structure to deliver the master plan proposals for the Council. Officers are also scheduled to meet the 4 developers who registered an initial interest in the proposals during April 2019 so to explore their expression of interest in more detail.
- 3.11 The outcome of this activity will be reported to a future Committee meeting and the necessary approvals presented to progress the master plan proposals, subject to securing planning consent.

Ongoing Revenue Support

- 3.12 The Committee should note that the £1m funding received from MHCLG is close to total spend and Campbell Tickell's (project manager) current contract is due to expire with the Council at the end of March 2019. Moving forward with the project consideration is now being given by officers on the level of revenue budget that will be required to facilitate the next phase of delivery of the master plan proposals, again to be reported to a future Committee meeting.

4.0 Proposals

- 4.1 In reviewing the detail contained within the above paragraphs the Committee should consider the activities being progressed through the 'Capacity and Enabling' funding of Estate Regeneration Programme to deliver the master plan proposals developed for the Yorke Drive Estate and the Lincoln Road Playing Fields in Bridge Ward, with the following activity being proposed for approval:
- a) Delegated Authority is given to the Director of Governance and Organisational Development, in consultation with the Director of Resources, to enter into the Accelerated Construction Programme funding agreement with Homes England, subject to the satisfactory conclusion of all due diligence work.

5.0 Equalities Implications

- 5.1 Equality implications for this regeneration scheme were presented and approved by the Committee at its meeting in November 2018.
- 5.2 The community consultation and master planning programme is aimed at ensuring that the needs and priorities of the existing community on Yorke Drive are addressed in both developing and taking forward the proposals.

6.0 Financial Implications (FIN18-19/2992)

- 6.1 As stated above, there is a current funding gap based on the financial modelling for the project.
- 6.2 There are a number of avenues open to the Council to help bridge this funding gap:
- Seek increased public sector funding (grant, low cost loans, etc.)
 - Utilisation of the Housing Revenue Account (*further to removal of the debt cap*).
 - Utilisation of the General Fund Capital Programme (*the Council's current contribution is land*).
 - Review of the rent model assumptions.
 - Recycle some of the Council controlled planning contributions into the scheme (e.g. for community facilities.)
 - Procuring a development partner.
 - Undertaking a value engineering exercise with the preferred development partner, along with considering modern methods of construction.

It might be possible to reduce the scope of scheme to reduce costs, but this would limit the impact of transformation.

- 6.3 The impact on the HRA will have to be modelled given that decanting and demolition would normally be considered HRA functions. The modelling also takes account of future rent loss on the demolished units, although this is offset by the affordable rents on the new rented units. This would then need to be assessed against the HRA financial business plan to assess the viability of the project in conjunction with the overall business plan.
- 6.4 HRA funding will only be utilised for justifiable costs relating to proper expenditure to be incurred by the HRA. Any shortfall to the project once funding has been allocated from other sources (including the HRA) would therefore need to be met by the General Fund.
- 6.5 Should the Council enter into an agreement with Homes England regarding funding for the project, there is a requirement that all qualifying expenditure must be incurred by 31st March 2021. There is therefore a risk that expenditure is not incurred by this date, meaning that external funding is not maximised into the project, and hence any funding not drawn down from this source must be met from either other external partners or from internal resources.

6.6 At the time of writing, £902k has been spent from the allocation of £1m received from MHCLG for revenue support to the project. As mentioned at paragraph 3.12 above, consideration is being made by officers to create a revenue budget in order to fund further support to contribute to this project. Any such budget that may be identified will need to be created by use of the Council's reserves. This proposal will be brought back to the Policy & Finance Committee in order for ratification.

7.0 RECOMMENDATIONS that:

- a) **the progress made with the masterplan proposals for the regeneration and development of the Yorke Drive Estate and the Lincoln Road Playing Fields in Bridge Ward, using funding from the Ministry of Housing, Communities & Local Government's Estate Regeneration Programme be noted; and**
- b) **delegated authority is given to the Director - Governance & Organisational Development, in consultation with the Director - Resources, to enter into the Accelerated Construction Programme funding agreement with Homes England, subject to the satisfactory conclusion of all due diligence work.**

Reason for Recommendations

To progress the 'transformational project, focussing on the regeneration of the Yorke Drive estate and Lincoln Road playing fields.

Background Papers

Nil

For further information please contact Rob Main, Business Manager – Housing Strategy & Development on 01636 655930.

Karen White
Director – Governance & Organisational Development

POLICY & FINANCE COMMITTEE

4 APRIL 2019

CCTV CAPITAL REPLACEMENT PROGRAMME

1.0 Purpose of Report

1.1 To seek approval for the establishment of a capital replacement programme for the Council's existing public space CCTV cameras.

2.0 Background Information

2.1 Our existing CCTV network of public space cameras is ageing, with the original system dating back to 1999. Many of the original cameras are still in situ having never been replaced since first installation and as some of them approach their twentieth birthday the likelihood of repairs being required increases. It is generally considered good practice to replace a camera every seven years.

2.2 We currently have nineteen cameras that cannot be repaired as parts are no longer available. These are our oldest cameras with some of them located in key locations e.g. Newark Market Place. Although they work, some of them have existing faults that can no longer be repaired and so their functionality is impaired e.g. faulty zoom.

2.3 We also have another forty seven cameras that are approaching seven years old and during this time technology has moved on enormously with the most significant change being the switch from analogue images to digital. Digital imagery is far superior, especially in poor lighting and when an image is zoomed in. Improved imagery increases the chances of being able to spot an incident and also to positively identify those involved in the incident.

2.4 Currently cameras are replaced on an ad-hoc basis as and when they are either uneconomical to repair or can no longer be repaired. Funding is held within the CCTV budget to pay for these ad-hoc repairs to cameras with some repairs being covered by the maintenance contract held within the CCTV partnership.

2.5 In addition to ongoing camera repairs, the expansion to a wireless network when the control room was relocated has meant that we now have greater reliability on wireless transmission equipment such as dishes and routers. These require repair and replacement which has an impact on the budget too.

2.6 We also have four redeployable CCTV cameras that can be moved and fixed to existing appropriate street lighting columns. They tend to be used in areas where ASB emerges as a problem and it is justifiable to put up a CCTV camera as a short term response. Three of these cameras are over seven years old with the other one being seven years old. They are more expensive to replace per unit as they have an inbuilt hard drive and data card. Our current units work on 3G (third generation) data technology whereas the modern units all work on the 4G network, making data transfer far quicker, the camera more responsive to the operators commands, and the downloading of evidence far less time consuming for CCTV operators. 4G data networks are also more reliable now as the technology and associated networks are widespread throughout society.

2.7 Each time that a camera is due to be replaced it will be subject to a Camera Needs Assessment to determine if the camera is still required in that location. This assessment may result in a camera being removed if it is deemed no longer necessary.

2.8 CCTV signs are required as a way of alerting and reassuring people who enter an area where cameras are operating. Many of our existing signs are weathered and arguably do not perform the role that the sign should and are therefore in need of replacement. New signage has been procured from existing revenue budget and will be replaced under the existing maintenance contract. There is therefore no requirement to include CCTV sign replacement in the capital programme at this point.

3.0 **Proposals**

3.1 It is proposed to set up a capital replacement programme for the cameras based on a seven year lifespan per unit. The programme is attached at Appendix One in full and summarised below.

3.2

Programme Year	Financial Year	Number of cameras to be replaced	Estimated costs
1	19/20	19 x fixed 3 x redeployable	£63,820
2	20/21	24 x fixed	£53,480
3	21/22	23 x fixed	£52,780
4	22/23	None	£0
5	23/24	None	£0
6	24/25	8 x fixed	£20,070
7	25/26	1x redeployable	£8,780

3.3 It is also proposed to reduce the existing revenue budget A11126 49222 'CCTV Operation' to make a saving of £7,500 per annum (from £32,500 to £25,000).

4.0 **Equalities Implications**

4.1 Public space CCTV cameras may provide a disproportionate amount of reassurance for more vulnerable members of our communities and the quality and reliability of cameras is an important part in providing that reassurance.

5.0 **Financial Implications FIN18-19/2439**

5.1 The cost of the CCTV replacement scheme over the 7 year period is £198,930. Over the medium term a budget of £170,080 which would need to be added to the Capital Programme. The scheme would need to be funded from existing capital resources, or borrowing.

5.2 The Minimum Revenue Provision (MRP) charge as a result of borrowing over the medium term would result in a charge to the revenue budget of £70,250 over the 4 year period as follows:

2019/20	£0
2020/21	£12,770
2021/22	£23,460
2022/23	£34,020
	£70,250

5.3 As above in paragraph 3.3 the revenue budget can be reduced by £7.5k per annum as a result of the replacement programme as the outcome of proactively replacing the cameras (£30,000 over the 4 year period).

6.0 Link to Newark and Sherwood Community Plan Objectives

6.1 This report links directly to the objective to reduce crime and anti-social behaviour, and increase feelings of safety in our communities (objective two).

7.0 RECOMMENDATION

That the CCTV replacement programme budget be added to the capital programme as set out in the report and at Appendix One.

Reason for Recommendation

To allow for a capital replacement programme of the Councils CCTV cameras to be established thereby creating a planned and predictable expenditure budget for this area of work.

Background Papers

Nil.

For further information please contact Ben Adams on Ext 5232.

Matthew Finch
Director of Communities & Environment

Appendix One – Proposed CCTV Cameras Capital Replacement Programme

Year One (19/20)

No	Camera Reference	Location	Area	Camera Type	Manufacture Date	Connection	Cost	1.03	Camera Needs Assessment Completed?	Decision	Date Camera Replaced
1	12	Market Place	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
2	13	Appleton Gate	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
3	25	Castle Station CP	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
4	26	Waitrose Station CP	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
5	27	Mather Road	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
6	28	Mather Road Play Area	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
7	38	Seven Hills (Quibells Lane)	Newark	Mark Mercer	99 - 2013	BT Fibre	£2,000.00	£2,060	No		
8	39	Lakeside (London Road)	Newark	Mark Mercer	99 - 2013	BT Fibre	£2,000.00	£2,060	No		
9	42	St Marks Lane	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
10	43	St Marks 2	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
11	44	St Marks (Service Yard)	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
12	60	Church Street	Southwell	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
13	61	Queens Street	Southwell	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
14	62	Kings Street Car Park	Southwell	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
15	65	Church Street Car Park	Southwell	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
16	67	Southwell Leisure Centre	Southwell	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
17	74	Third Avenue	Clipstone	Mark Mercer	99 - 2013	BT Fibre	£2,000.00	£2,060	No		
18	88	Fenton Close	Newark	Mark Mercer	99 - 2013	Wireless	£2,000.00	£2,060	No		
19	87	Sconce Park 2	Newark	Box	?	Wireless	£2,000.00	£2,060	No		
20	HSUPA VZ511108	Redeployable	District Wide	WCCTV	Pre 2012	3G Data Card	£7,000.00	£7,210	No		
21	HSUPA WF838045	Redeployable	District Wide	WCCTV	Pre 2012	3G Data Card	£7,000.00	£7,210	No		
22	MINI DOME WF104057	Redeployable	District Wide	WCCTV	2012	3G Data Card	£7,000.00	£7,210	No		
							£59,000.00	£60,771.03			
						Contingency (5%)		£3,040.00			
						Total		£63,811.03			

Year Seven (25-26)

No	Camera Reference	Location	Area	Camera Type	Manufacture Date	Connection	Cost	1.03	Camera Needs Assessment Completed?	Decision	Date Camera Replaced
1	UKPSD 272	Redeployable	District Wide	WCCTV	Feb-19	4G Data Card	£7,000.00	£8,358.37	£7,210		
						Contingency (5%)		£420.00			
						Total		£8,778.37			

POLICY & FINANCE COMMITTEE

4 APRIL 2019

THE FORMER ROBIN HOOD HOTEL – JOINT VENTURE SCHEME WITH MF STRAWSON LIMITED

1.0 Purpose of Report

- 1.1 To inform Members of the joint venture agreement with MF Strawson Ltd for the redevelopment of the former Robin Hood Hotel.
- 1.2 To include £3.3m in the Council's capital programme, being one-half of the estimated development cost as agreed by Policy & Finance Committee at their meeting held on 29 November 2018.

2.0 Background Information

- 2.1 Members will recall that at the Policy & Finance Committee meeting on 20 September 2018 it was agreed in principle that the Council enter into a joint venture arrangement with MF Strawson Ltd. through the establishment of a special purpose vehicle for the redevelopment of the former Robin Hood Hotel.
- 2.2 At the Policy & Finance Committee meeting held on 29 November 2018, Members considered further detailed information on the proposed joint venture agreement with MF Strawson Limited, and resolved that:
 - (a) the Deputy Chief Executive & Director – Resources, in consultation with the Chief Executive and Leader of the Council, be given delegated authority on behalf of the Council to negotiate detailed terms and to enter into joint venture arrangements with MF Strawson Ltd for the re-development of the former Robin Hood Hotel subject to planning permission having been issued and subject to the conditionality elements in the Agreement for Lease with Travelodge Hotels Ltd. first being satisfied or, if the joint venture company is set up in advance of this, that it will not be allowed to be active until these conditions are met ,and with the building costs in respect of the project being clarified as far as possible before a building contract is let by the joint venture company;
 - (b) the overall capital contribution by the Council towards the project be capped at £3.3million;
 - (c) the Deputy Chief Executive & Director - Resources be appointed as Director of the joint venture company; and
 - (d) the Deputy Chief Executive & Director – Resources, in consultation with the Chief Executive and Leader of the Council, be given delegated authority to deal with all ancillary and associated matters relating to the joint venture arrangements including the naming of the joint venture company.
- 2.3 In accordance with the delegation, the Deputy Chief Executive & Director - Resources, after seeking legal advice from the Council's Monitoring Officer and external firm of solicitors, and after consulting with the Chief Executive and Leader of the Council has:

- a) Formed the joint venture company, RHH Newark Limited, with Newark & Sherwood District Council and MF Strawson Limited being equal shareholders, with each holding 500 Ordinary Shares of £1 each.
- b) Agreed the Articles of Association (Appendix A).
- c) Received the Letter of Commitment from MF Strawson (Appendix B).
- d) Agreed the Shareholders Agreement (Appendix C which is an exempt document at Item 16 on the agenda).

2.4 The terms agreed are in accordance with those agreed by Members of the Policy & Finance Committee at the meeting of 29 November 2018. These terms, in summary, being:

1. Maximum Capital Contribution

The Council and MF Strawson Ltd will enter into the redevelopment project with the capital commitment and risk being shared on an equal basis. The Council's contribution will, however, be fixed at 50% of the total development cost which is, as stated above, estimated at £6.6m. The Council's maximum capital commitment to the development costs will therefore be capped at £3.3m. The parties will need to consider whether the 50:50 arrangements will be changed in the event that costs exceed £6.6m and the Council is not willing to increase its overall contribution to the project.

2. Onward Sale

The joint venture will secure a commitment to invest in the Travelodge development with a city financial institution and, on practical completion of the development, the Travelodge element of the scheme will be sold to this financier. At present, based on the draft lease terms between MF Strawson Ltd and Travelodge, the minimum price for the Travelodge element will return around two-thirds of the Council's initial investment.

3. Retail/Leisure Units

The risk of the Council being "stuck with" the three retail units has been addressed by including provisions in the Shareholders Agreement, that neither the Council or MF Strawson Ltd would be permitted, under the terms of the joint venture arrangements, to sell their shares in the joint venture company until the scheme had been completed and all three of the retail units had been let on commercial terms. The Council would, at this stage, have an option to purchase MF Strawson Ltd.'s shares in the joint venture company. If the Council resolved not to exercise its option then the leasehold interest belonging to the joint venture company would be sold on the open market.

3.0 Proposals

3.1 The proposal is for Members to note the Articles of Association and the Shareholders Agreement and to approve the inclusion of £3.3m cost into the Council's capital programme.

4.0 Equalities Implications

4.1 There are no equalities implications.

5.0 Financial Implications (FIN18-19/4588)

5.1 The financial appraisal has not changed from that approved by Policy & Finance Committee on 29 November 2018. The capital cost to the Council is capped at £3.3m and the anticipated rental income from the letting of the three retail/leisure units will be around 6.2%

5.2 The Council's capital contribution of £3.3m is to be funded from the Change Management Reserve. This amount has been set aside and was approved by Policy & Finance Committee on 21 February 2019 as part of the General Fund Budget for 2019/20. The Council's share of the development cost of £3.3m now needs to be established in the capital programme, profiled for 2019/20 and 2020/21.

6.0 Community Plan – Alignment to Objectives

6.1 This proposal supports the Council Objectives for 2019 -2023 'Enhance and Sustain Town Centres'. The Council is committed to regenerating key sites in the Conservation Area Management Plan including facilitating the delivery of the former Robin Hood Hotel site.

7.0 RECOMMENDATIONS that:

- (a) the Articles of Association (Appendix A) be noted;**
- (b) the Shareholders Agreement (Exempt Appendix C) be noted; and**
- (c) the inclusion of £3.3m to the Council's Capital Programme, profiled over 2019/20 and 2020/21 be approved.**

Reason for Recommendations

To keep Members informed of the progress of the redevelopment of the former Robin Hood Hotel and to establish the budget of £3.3m in the Council's Capital Programme.

Background Papers

Policy & Finance Committee meeting on 20 September 2018

Policy & Finance Committee meeting on 29 November 2018

For further information please contact Sanjiv Kohli on Ext 5303.

Sanjiv Kohli

Deputy Chief Executive/Director – Resources

THE COMPANIES ACT 2006

COMPANY LIMITED BY SHARES

NEW

ARTICLES OF ASSOCIATION

of

[RHH] LIMITED

(Adopted by a special resolution passed on [] 201)

Registered Number []

Incorporated on [] 201

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
[RHH] LIMITED

(Adopted by special resolution passed on [DATE])

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1. In these Articles, the following words have the following meanings:

Act	the Companies Act 2006;
A Director	any director appointed to the Company by holders of the A Shares;
Appointor	has the meaning given in Article 12.1;
Articles	the Company's articles of association for the time being in force;
A Share	an ordinary share of [£1] in the capital of the Company designated as an A Share;
B Director	any director appointed to the Company by holders of the B Shares;
B Share	an ordinary share of [£1] in the capital of the Company designated as a B Share.
Business Day	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business;
Conflict	a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;
Continuing Shareholder	has the meaning given in Article 15.1;
Controlling Interest	an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

Deemed Transfer Notice	a Transfer Notice that is deemed to have been served under any provisions of these Articles;
Eligible Director	any Eligible A Director or Eligible B Director (as the case may be);
Eligible A Director	an A Director who would be entitled to vote on the matter at a meeting of directors (but excluding any A Director whose vote is not to be counted in respect of the particular matter);
Eligible B Director	a B Director who would be entitled to vote on the matter at a meeting of directors (but excluding any B Director whose vote is not to be counted in respect of the particular matter);
Fair Value	in relation to shares, as determined in accordance with Article 18;
Founder Shareholder	a shareholder who holds shares in the Company on the date of adoption of these Articles;
holding company	has the meaning given in Article 1.5;
Interested Director	has the meaning given in Article 9.1;
Model Articles	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (<i>SI 2008/3229</i>) as amended prior to the date of adoption of these Articles and reference to a numbered "Model Article" is a reference to that article of the Model Articles;
Permitted Group	in relation to a company, any wholly owned subsidiary of that company, any company of which it is a subsidiary (its holding company) and any other subsidiaries of any such holding company; and each company in a Permitted Group is a member of the Permitted Group. Unless the context otherwise requires, the application of the definition of Permitted Group to any company at any time will apply to the company as it is at that time;
Permitted Transfer	a transfer of shares made in accordance with Article 16;
Permitted Transferee	in relation to a shareholder, any member of the same Permitted Group as that shareholder;
Purchase Notice	has the meaning given in Article 15.2;
Sale Shares	has the meaning given in Article 15.1;

Sale Price	has the meaning given in Article 15.1.2;
Seller	has the meaning given in Article 15.1;
subsidiary	has the meaning given in Article 1.5;
Transfer Notice	an irrevocable notice in writing given by any shareholder to the other shareholder where the first shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares;
Valuers	the auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the shareholders or, in the absence of agreement between the shareholders on the identity of the expert within 15 Business Days of a shareholder serving details of a suggested expert on the other, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants in England and Wales (in each case acting as an expert and not as an arbitrator);
Writing or written	the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, for the purposes of Article 15 to Article 17 "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form;

- 1.2. Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have those meanings in these Articles but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5. A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- 1.5.1. another person (or its nominee), by way of security or in connection with the taking of security; or

- 1.5.2. its nominee.
- 1.6. Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time.
- 1.8. Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2. **ADOPTION OF THE MODEL ARTICLES**

- 2.1. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2. Model Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 17, 22, 26(5), 27 to 29 (inclusive), 36, 38, 39, 43, 44(2), 49 and 50 to 53 (inclusive) shall not apply to the Company.
- 2.3. Model Article 20 shall be amended by the insertion of the words "(including alternate directors and the secretary)" before the words "properly incur".
- 2.4. In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5. Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

Directors

3. **DIRECTORS' MEETINGS**

- 3.1. Any decision of the directors must be taken at a meeting of directors in accordance with these Articles or must be a decision taken in accordance with Article 4.
- 3.2. Subject as provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 3.3. Meetings of the directors shall take place at least four times each year, with a period of not more than twelve weeks between any two meetings, and at such other times as may be agreed.

- 3.4. All decisions made at any meeting of the directors shall be made only by resolution and resolutions at any meeting of the directors shall be decided by unanimous vote.
- 3.5. If at any time before or at any meeting of the directors all A Directors participating or all B Directors should request that the meeting be adjourned or reconvened to another time or date (whether to enable further consideration to be given to any matter or for other directors to participate or for any other reason, which need not be stated) then such meeting shall be adjourned or reconvened accordingly, and no business shall be conducted at that meeting after such a request has been made. No meeting of directors may be adjourned pursuant to this article more than once.

4. UNANIMOUS DECISIONS OF DIRECTORS

- 4.1. A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.2. Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.3. A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at a directors' meeting to vote on the matter in accordance with Article 7.

5. NUMBER OF DIRECTORS

The number of directors shall be two, made up of 1 A Director and 1 B Director. No shareholding qualification for directors shall be required.

6. CALLING A DIRECTORS' MEETING

- 6.1. Either director may call a meeting of directors by giving not less than seven Business Days' notice of the meeting (or such shorter period of notice as agreed in writing) to the other director or by authorising the Company secretary (if any) to give such notice.
- 6.2. Notice of any directors' meeting must be accompanied by:
 - 6.2.1. an agenda specifying in reasonable detail the matters to be raised at the meeting; and
 - 6.2.2. copies of any papers to be discussed at the meeting.
- 6.3. Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors agree in writing.

7. QUORUM FOR DIRECTORS' MEETINGS

- 7.1. Subject to Article 7.3, the quorum at any meeting of the directors (including adjourned meetings) shall be two directors, being an Eligible A Director (or his alternate) and an Eligible B Director (or his alternate).
- 7.2. No business shall be conducted at any meeting of the directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.

- 7.3. If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for five Business Days at the same time and place. If a quorum is not present at any such adjourned meeting within 30 minutes of the time specified, then those Eligible Directors present will constitute a quorum.

8. CHAIRING OF DIRECTORS' MEETINGS

The directors shall appoint one of them to act as chairman of a meeting, not having a casting vote.

9. DIRECTORS' INTERESTS

- 9.1. A director may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by the other director which would, if not so authorised, involve that director (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest.

- 9.2. Any authorisation under this article will be effective only if:

9.2.1. to the extent permitted by the Act, the matter in question shall have been proposed by a director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

9.2.2. the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

- 9.3. Any authorisation of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):

9.3.1. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

9.3.2. provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;

9.3.3. provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;

9.3.4. impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

9.3.5. provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

9.3.6. permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be

excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

- 9.4. Where a director authorises a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the other director in relation to the Conflict.
- 9.5. The director (not being the Interested Director) may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 9.6. A director, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Permitted Group, and no authorisation under Article 9.1 shall be necessary in respect of any such interest.
- 9.7. Any A Director or B Director shall be entitled from time to time to disclose to the holders of the A Shares or (as the case may be) the holders of the B Shares such information concerning the business and affairs of the Company as he shall at his discretion see fit, subject only to the condition that if there be more than one A Shareholder or (as the case may be) B Shareholder, the director concerned shall ensure that each of the shareholders of the same class receives the same information on an equal footing.
- 9.8. A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 9.9. Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 9.10. Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under Article 9.9.
- 9.11. Subject, where applicable, to any terms and conditions imposed by the directors in accordance with Article 9.3, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
 - 9.11.1. may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;

- 9.11.2. shall be an Eligible Director for the purposes of any proposed decision of the directors in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 9.11.3. shall be entitled to vote at a meeting of directors or participate in any unanimous decision, in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- 9.11.4. may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- 9.11.5. may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 9.11.6. shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

10. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

11. APPOINTMENT AND REMOVAL OF DIRECTORS

- 11.1. The holder of a majority of the A Shares for the time being shall be entitled to appoint one person to be an A Director of the Company and the holder of a majority of the B Shares for the time being shall be entitled to appoint one person to be a B Director of the Company.
- 11.2. Any A Director may at any time be removed from office by the holder of a majority of the A Shares and any B Director may at any time be removed from office by the holder of a majority of the B Shares. Any director who is an employee of the Company and who ceases to be an employee shall be removed from office from the date his employment ceases.
- 11.3. If any A Director or any B Director shall die or be removed from or vacate office for any cause, the holder of a majority of the A Shares (in the case of an A Director) or the holder of a majority of the B Shares (in the case of a B Director) shall appoint in his place another person to be an A Director or a B Director (as the case may be).
- 11.4. Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder of a majority of the A Shares or B Shares (as the case may be) and served on each of the other shareholders and the Company at its registered office or delivered to a duly constituted meeting of the directors of the Company and on the director, in the case of his removal. Any such

appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.

- 11.5. The right to appoint and to remove A or B Directors under this article shall be a class right attaching to the A Shares and the B Shares respectively.
- 11.6. If no A Shares or B Shares remain in issue following a redesignation under these Articles, any director appointed by shareholders of that class shall be deemed to have been removed as from the redesignation.
- 11.7. No A Director or B Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

12. ALTERNATE DIRECTORS

- 12.1. Any director (other than an alternate director) (the “**Appointor**”) may appoint any person (whether or not a director) other than an existing director representing the other class of shares, to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors, in the absence of the Appointor. In these Articles, where the context so permits, the term "A Director" or "B Director" shall include an alternate director appointed by an A Director or a B Director (as the case may be). A person may be appointed an alternate director by more than one director provided that each of his Appointors represents the same class of shares but not otherwise.
- 12.2. Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the directors.
- 12.3. The notice must:
 - 12.3.1. identify the proposed alternate; and
 - 12.3.2. in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.
- 12.4. An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.
- 12.5. Except as the Articles specify otherwise, alternate directors:
 - 12.5.1. are deemed for all purposes to be directors;
 - 12.5.2. are liable for their own acts and omissions;
 - 12.5.3. are subject to the same restrictions as their Appointors; and
 - 12.5.4. are not deemed to be agents of or for their Appointors,and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors of which his Appointor is a member.
- 12.6. A person who is an alternate director but not a director may, subject to him being an Eligible Director:

- 12.6.1. Be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating); and
- 12.6.2. Participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).
- 12.7. A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the directors.
- 12.8. An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.
- 12.9. An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:
 - 12.9.1. when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or
 - 12.9.2. on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or
 - 12.9.3. when the alternate director's Appointor ceases to be a director for whatever reason.

Shares

13. SHARE CAPITAL

- 13.1. Except as otherwise provided in these Articles, the A Shares and the B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares for those purposes as are stated in these Articles.
- 13.2. No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class.
- 13.3. On the transfer of any share as permitted by these Articles:
 - 13.3.1. a share transferred to a non-shareholder shall remain of the same class as before the transfer; and
 - 13.3.2. a share transferred to a shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the shareholder.

If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

- 13.4. No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.
- 13.5. Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:
 - 13.5.1. any alteration in the Articles;
 - 13.5.2. any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and
 - 13.5.3. any resolution to put the Company into liquidation.
- 13.6. The Company shall immediately cancel any shares acquired under Chapter 4 of Part 18 of the Act.

14. **SHARE TRANSFERS: GENERAL**

- 14.1. In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.
- 14.2. No share shall be transferred:
 - 14.2.1. unless the transfer is made in accordance with these Articles or with the prior written consent of all shareholders for the time being; and
 - 14.2.2. in breach of any shareholders' agreement then in force.
- 14.3. Subject to Article 14.4, the directors must register any duly stamped transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles.
- 14.4. The directors may, as a condition to the registration of any transfer of shares in the Company (whether to a Permitted Transferee or otherwise) require the transferee to execute and deliver to the Company a deed under which the transferee agrees to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document). If any such condition is imposed in accordance with this Article 14.4, the transfer may

not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

- 14.5. To enable the directors to determine whether or not there has been a transfer of shares in the Company in breach of these Articles, the directors of any class may from time to time require any shareholder to provide the Company with such information and evidence as they may reasonably require relevant to that purpose. If a shareholder fails to provide information or evidence in respect of any shares registered in its name to the reasonable satisfaction of such directors within 14 days of their request, such directors may serve a notice on the shareholder stating that the shareholder shall not in relation to all shares held by that shareholder be entitled to be present or to vote in person or by proxy at any general meeting of the Company or any meeting of the holders of shares of that class, or to vote on a written resolution of the shareholders or to receive dividends on the shares until such evidence or information has been provided to the directors' satisfaction. Such directors may reinstate these rights at any time.
- 14.6. Any transfer of shares by way of a sale that is required to be made under Article 16 or Article 17 shall be deemed to include a warranty that the transferor sells the shares with full title guarantee.

15. **PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES**

- 15.1. Except where the provisions of Article 16 or Article 17 apply, a shareholder (**Seller**) wishing to transfer its shares (**Sale Shares**) must give a Transfer Notice to the other shareholder (**Continuing Shareholder**) giving details of the proposed transfer including:
 - 15.1.1. the identity of the proposed buyer; and
 - 15.1.2. the price (in cash) at which it proposes to sell the Sale Shares ("Sale Price").
- 15.2. Within 20 Business Days of receipt (or deemed receipt) of a Transfer Notice, the Continuing Shareholder shall be entitled (but not obliged) to give notice in writing to the Seller that it wishes to purchase the Sale Shares at the Sale Price (**Purchase Notice**).
- 15.3. The Continuing Shareholder is bound to buy all the Seller's Sale Shares at the Sale Price when it gives a Purchase Notice to the Seller under Article 15.2.
- 15.4. If, at the expiry of the period specified in Article 15.2, the Continuing Shareholder has not given a Purchase Notice, the Seller may transfer all its Sale Shares to the buyer identified in the Transfer Notice at a price not less than the Sale Price provided that it does so within three months of the expiry of the period specified in Article 15.2.

16. **PERMITTED TRANSFERS**

- 16.1. A Founder Shareholder may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee without being required to follow the steps set out in Article 15.
- 16.2. A shareholder holding shares in the Company as a result of a Permitted Transfer made after the date of adoption of these Articles by a Founder Shareholder under the provisions of this Article 16 may at any time transfer all (but not some only) of its

shares back to the Founder Shareholder from whom it received those shares or to another Permitted Transferee of such Founder Shareholder, without being required to follow the steps set out in Article 15.

16.3. If a Permitted Transfer has been made to a Permitted Transferee, that Permitted Transferee shall within five Business Days of ceasing to be a member of the Permitted Group transfer all of the shares in the Company held by it to:

16.3.1. the Founder Shareholder from whom it received those shares; or

16.3.2. another Permitted Transferee of that Founder Shareholder,

(which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this Article 16.3, the Company may execute a transfer of the shares on behalf of the Permitted Transferee and register the Founder Shareholder as the holder of such shares.

17. **COMPULSORY TRANSFERS**

17.1. A shareholder is deemed to have served a Transfer Notice under Article 15.1 immediately before any of the following events:

17.1.1. the passing of a resolution for the liquidation of the shareholder other than a solvent liquidation for the purpose of the reconstruction or amalgamation of all or part of the shareholder's Group in which a new company assumes (and is capable of assuming) all the obligations of the shareholder provided that such reconstruction or amalgamation does not result in a transfer of the shareholder's shares in the Company to any person other than a Permitted Transferee; or

17.1.2. the presentation at court by any competent person of a petition for the winding up of the shareholder and which has not been withdrawn or dismissed within seven days of such presentation; or

17.1.3. a change of control (as control is defined in section 1124 of the Corporation Tax Act 2010) of the shareholder, although in the case of a Permitted Transferee that ceases to be a member of the Permitted Group, it shall transfer the shares back to the Founder Shareholder from whom it received those shares or to another Permitted Transferee of such Founder Shareholder in accordance with Article 16.3 rather than being deemed to have served a Transfer Notice under this article; or

17.1.4. the issue at court by any competent person of a notice of intention to appoint an administrator to the shareholder, a notice of appointment of an administrator to the shareholder or an application for an administration order in respect of the shareholder; or

17.1.5. any step is taken by any person to appoint a receiver, administrative receiver or manager in respect of the whole or a substantial part of the assets or undertaking of the shareholder; or

17.1.6. the shareholder being unable to pay its debts as they fall due for the purposes of section 123 of the Insolvency Act 1986; or

17.1.7. the shareholder entering into a composition or arrangement with its creditors; or

- 17.1.8. any chargor taking any step to enforcing any charge created over any shares held by the shareholder in the Company (other than by the appointment of a receiver, administrative receiver or manager); or
 - 17.1.9. a process having been instituted that could lead to the shareholder being dissolved and its assets being distributed among the shareholder's creditors, shareholders or other contributors; or
 - 17.1.10. the shareholder ceasing to carry on its business or substantially all of its business; or
 - 17.1.11. in the case of the events set out in paragraphs 17.1.1, 17.1.2, 17.1.4 or 17.1.5(e) above, any competent person taking any analogous step in any jurisdiction in which the shareholder carries on business; or
 - 17.1.12. the shareholder committing a material or persistent breach of any shareholders' agreement to which it is a party in relation to the shares in the Company which if capable of remedy has not been so remedied within 20 Business Days of the other shareholder requiring such remedy.
- 17.2. The Deemed Transfer Notice has the same effect as a Transfer Notice, except that:
- 17.2.1. the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Sale Shares and the price for the Sale Shares shall be the aggregate Fair Value of those shares, determined by the Valuers in accordance with Article 18, save that if the Seller is deemed to have given a Transfer Notice as a result of Article 17.1.12, the price for the Sale Shares shall be restricted to a maximum of the lower of the aggregate subscription price paid in respect of the Sale Shares, including any share premium, and the aggregate Fair Value of such Sale Shares;
 - 17.2.2. if the Continuing Shareholder does not accept the offer of shares comprised in the Deemed Transfer Notice within 20 Business Days of receipt of the Valuers' determination of the Fair Value, the Seller does not have the right to sell the Sale Shares to a third party and the Company shall be wound up immediately upon the Continuing Shareholder giving notice in writing to the Company to that effect within such 20 Business Day period.
- 17.3. A Deemed Transfer Notice under Article 17.1.12. shall immediately and automatically revoke:
- 17.3.1. a Transfer Notice served by the relevant shareholder before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under Article 17.1.12; and
 - 17.3.2. a Deemed Transfer Notice deemed to be served by the relevant shareholder under any of the events set out in Article 17.1.1 to Article 17.1.11 (inclusive) before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under Article 17.1.12.
- 17.4. If the Seller fails to complete a transfer of Sale Shares as required under this Article 17, the Continuing Shareholder is irrevocably authorised to appoint any person it nominates for the purpose as agent to transfer the Sale Shares on the Seller's behalf and to do anything else that the Continuing Shareholder may reasonably

require to complete the sale, and the Company may receive the purchase price in trust for the Seller, giving a receipt that shall discharge the Continuing Shareholder.

18. VALUATION

- 18.1. As soon as practicable after deemed service of a Transfer Notice under Article 17, the shareholders shall appoint the Valuers to determine the Fair Value of the Sale Shares.
- 18.2. The Valuers shall be requested to determine the Fair Value within 30 Business Days of their appointment and to notify the shareholders in writing of their determination.
- 18.3. The Fair Value for any Sale Share shall be the price per share determined by the Valuers on the following bases and assumptions:
 - 18.3.1. valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions applying to the Sale Shares;
 - 18.3.2. if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - 18.3.3. the sale is to be on arms' length terms between a willing seller and a willing buyer;
 - 18.3.4. the Sale Shares are sold free of all encumbrances;
 - 18.3.5. the sale is taking place on the date the Valuers were requested to determine the Fair Value; and
 - 18.3.6. to take account of any other factors that the Valuers reasonably believes should be taken into account.
- 18.4. The shareholders are entitled to make submissions to the Valuers including oral submissions and will provide (or procure that the Company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require.
- 18.5. To the extent not provided for by this Article 18, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary) instructing professional advisers to assist them in reaching their valuation.
- 18.6. The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders (in the absence of manifest error or fraud).
- 18.7. Each shareholder shall bear its own costs in relation to the reference to the Valuers. The Valuers' fees and costs properly incurred by them in arriving at their valuation (including any fees and costs of any advisers appointed by the Valuers) shall be borne by the shareholders equally or in such other proportions as the Valuers shall direct.

Decision making by shareholders

19. QUORUM FOR GENERAL MEETINGS

- 19.1. The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, of whom one shall be a holder of A Shares or a duly authorised representative of such holder and one shall be a holder of B Shares or a duly authorised representative of such holder.
- 19.2. No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

20. CHAIRING GENERAL MEETINGS

The chairman of the board of directors shall chair general meetings. If the chairman is unable to attend any general meeting, the representative of the shareholder who appointed him shall act as chairman at the meeting.

21. VOTING

- 21.1. At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder except that:-
- 21.1.1. in the case of any resolution proposed to remove the A Director whether under section 168 of the Act or otherwise, the holders of the A Shares voting against any such resolution (whether on a show of hands, on a poll or on a written resolution) shall be entitled to cast such number of votes as is necessary to defeat such resolution; and
- 21.1.2. in the case of any resolution proposed to remove the B Director whether under section 168 of the Act or otherwise, the holders of the B Shares voting against any such resolution (whether on a show of hands, on a poll or on a written resolution) shall be entitled to cast such number of votes as is necessary to defeat such resolution;
- 21.2. Any resolution proposed as a written resolution in relation to any of the matters listed in Article 21.1 shall be proposed in a form that provides shareholders with the ability to cast their votes against as well as in favour of such resolution.

22. POLL VOTES

- 22.1. A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 22.2. Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

23. PROXIES

- 23.1. Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours

before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of general meeting (or adjourned meeting) to which they relate".

- 23.2. Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that article.

Administrative arrangements

24. MEANS OF COMMUNICATION TO BE USED

- 24.1. Subject to Article 24.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 24.1.1. if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 24.1.2. if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - 24.1.3. if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
 - 24.1.4. if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt; or
 - 24.1.5. if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
 - 24.1.6. if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
 - 24.1.7. if deemed receipt under the previous paragraphs of this Article 24.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 24.2. To prove service, it is sufficient to prove that:
- 24.2.1. if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
 - 24.2.2. if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
 - 24.2.3. if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

- 24.3. Any notice, document or other information served on, or delivered to, an intended recipient under Article 15, Article 16.3, Article 17 (as the case may be) may not be served or delivered in electronic form, or by means of a website.
- 24.4. In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

25. INDEMNITY AND INSURANCE

25.1. Subject to Article 25.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

25.1.1. each relevant officer of the Company shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

25.1.1.1. in the actual or purported execution and/or discharge of his duties, or in relation to them; and

25.1.1.2. in relation to the Company's activities as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

25.1.2. the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 25.1.1 and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.

25.2. This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

25.3. The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

25.4. In this article:

25.4.1. a "relevant officer " means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and

25.4.2. a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund of the Company.

Newark and Sherwood District Council and M. F. Strawson Limited

Robin Hood Hotel

Letter of Commitment

To: The Chief Executive Newark and Sherwood District Council
Castle House, Great North Road, Newark, Nottinghamshire NG24 1BY

From: M. F. Strawson Limited
Pyewipe Farm Aylesby Road Great Coates Grimsby DN37 9NU

Dear Sir,

Robin Hood Hotel Joint Venture

We refer to the Shareholders' Agreement dated on or about today's date (the "SHA") by which M. F. Strawson Limited ("MFS") gives certain undertakings and commitments to the Council in our capacity as your joint venture partner in RHH Newark Limited (the "Company").

We acknowledge that our undertakings and commitments include, but are not limited to, the making of certain advances (as funding) to the Company for the purposes of meeting our joint venture objects (as set out in the SHA).

We confirm that M.F. Strawson Limited will observe the terms of the SHA and that, in particular:

- i. MFS has, by resolution of its Board, identified the means by which it will meet its financial commitments to the Company under clause 11 of the SHA;
- ii. MFS therefore has, and will continue to have, the resources available to make the advances to the Company as required by the SHA;
- iii. MFS will not, during the period in which the Company is entitled to call on MFS for advances in accordance with the SHA, deliberately or recklessly take on other obligations which may have a materially detrimental impact on that entitlement of the Company.

It is not our intention that this letter creates any legally binding obligations on our part, but it may be evidenced in the circumstances of any dispute or proceedings.

Yours faithfully



For and on behalf of M. F. Strawson Limited

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

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