



## SHAREHOLDING MEMBERSHIP POLICY

Status: Board approved

Date: 26 March 2019

### 1 Introduction

- 1.1 The Board is required to publish its policy and objectives for the admittance of new shareholders. Any new shareholders can only be admitted by the Board in accordance with the policy.
- 1.2 In setting out the terms on which persons may become shareholders of the Association, Plymouth Community Homes (PCH) aims to:
  - To allow people to express support for and a commitment to PCH
  - To enhance PCH's accountability to the wider community within which it operates
  - To allow residents and other service users to have a role to play in the affairs of PCH as their landlord and/or service provider

### 2 The Role of Shareholding Members

- 2.1 Shareholding members must agree to be bound by the obligations on them as set out in the rules. When acting as shareholders they must act at all times in the interests of PCH and for the benefit of the community, as guardians of the objects of the Association.
- 2.2 The role of a Shareholder also includes the following:
  - Right to attend and vote at the Annual General Meeting (AGM) and at any other general meeting of PCH.
  - To receive the statutory accounts
  - To receive a copy of the annual report
- 2.3 Shareholding members also have a role to play in helping to shape the key strategies and policies that directly affect residents. PCH will ensure that shareholders receive communications on key issues, and include shareholding members in consultation as appropriate.

### 3 Criteria for admission to shareholding membership

- 3.1 Resident shareholding membership is open to all tenants, shared owners and leaseholders<sup>1</sup>. They must be a person who alone or jointly with others hold a tenancy, lease or licence to occupy PCH premises for residential use; or a person who is the owner of a residential lease granted by PCH or its predecessors in title for an initial term in excess of 90 years.
- 3.2 Independent shareholding membership is open<sup>2</sup> to persons who are not residents.<sup>3</sup>
- 3.3 A corporate body (other than the Council who may not be a shareholding member) or an unincorporated body may be admitted if it can meet at least two of the following criteria:
- The body can demonstrate that it would have a long term interest in, and willingness to support the organisation in furthering its aims and objectives
  - The body would enhance the accountability of the organisation within the communities where it works
  - The body would enhance the representation and understanding of the client groups with whom the organisation works
  - The body would enhance key partnerships with organisations with whom the organisation works.
- 3.4 A corporate body will nominate a specific individual to exercise its rights, and may change that nomination at any time. The share will however be in the name of the corporate body. The corporate body must notify the Head of Governance in writing of the appointment or removal of its nominated individual.
- 3.5 Unincorporated bodies may apply for shareholding membership, stipulating the name of a person or names of the persons to be the nominee(s). The share certificate will be made out in the name of the nominee(s), and the share register will show the name of the nominee(s), followed by the name of the unincorporated body.
- 3.6 Should the body making the nomination(s) wish to change the nominee(s) for any reason, an application must be made by a representative in writing to the Head of Governance who will place it before the next meeting of the Board who will have the same right to refuse the new nomination(s) as to refuse the original nomination(s), but if it is accepted, a new share certificate will be drawn up (on receipt of the original) without further payment.
- 3.7 Resident and independent shareholding members may be admitted if they can demonstrate that they have and would continue to have a long term interest in, and willingness to support PCH.

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<sup>1</sup> Subject to the Exclusions to membership set out in section 5

<sup>2</sup> Subject to the Exclusions to membership set out in section 5

<sup>3</sup> For Local Authority persons as defined by Rule G14.17 please see the restrictions set out in section 5 Exclusions to membership.

- 3.8 Individuals who are appointed or elected as resident or independent board members will normally be automatically accepted as a shareholder upon appointment. Board members who are Council nominees may not become a shareholder.
- 3.9 No application will be accepted if a particular or identified interest group would gain a level of membership such as would unbalance the shareholding membership
- 3.10 All applicants must demonstrate that becoming a shareholding member will not result in an unacceptable conflict of interest, either due to a personal relationship, employment, or other connection with another organisation.

#### **4 Admission to Shareholding Membership**

- 4.1 All applications must be made in writing on a form agreed by the Head of Governance setting out their reasons for applying, how they meet the necessary criteria for admission to membership and enclosing the sum of one pound (which shall be returned to them if the application is not approved).
- 4.2 All applications for shareholding membership will be considered by the PCH Board, which has absolute discretion in determining whether to accept or reject any application.
- 4.3 Each application will be considered at an early Board meeting. The efficient decision making process may also be used if waiting for the next board meeting would be unreasonable and application is considered non contentious. It may be necessary for an applicant for membership to be interviewed by the Chair and the Chief Executive (or as delegated); this will be decided at the Board meeting considering the application.
- 4.4 The names of those admitted will be entered into the register of shareholders and each shareholding member will be issued with a share certificate. All shareholders will be designated as either 'Resident' or 'Independent'.

#### **5 Shareholding Members' Voting Rights**

- 5.1 Votes at a general meeting from shareholders either present in person or by proxy are cast as one share one vote but are counted subject to the provisions of the rules. The proportion of votes allocated to each constituent group as follows:
- Resident shareholding members – 71.5% of the votes apportioned equally between them
  - the independent shareholding members – 28.5% of the votes apportioned equally between them

The quorum for general meetings is at least five shareholding members either in person or by proxy provided that at least one resident and two independent shareholding members are present in person.

5.2 A shareholder unable to attend a general meeting may appoint a proxy (who need not be another shareholder) providing the notice of the appointment is received no later than 48 hours before the date of the general meeting<sup>4</sup>.

## 6 Exclusions to Shareholding Membership

6.1 The following cannot become or remain a shareholder:

- A person who is under the age of 18
- A person previously expelled from being a shareholding member unless authorised by special resolution<sup>5</sup>
- A member of staff (of PCH or its subsidiaries).
- A local authority person<sup>6</sup> if the admission would mean that shareholding members who are local authority persons would be able to exercise more than one-third of the total votes available to shareholding members.
- A person who has been removed as a board member in accordance with Rule D8
- A Board member nominated by Plymouth City Council<sup>7</sup>
- A person who in the written opinion of a medical practitioner is physically or mentally incapable of exercising their rights as a shareholder and may remain so for more than 3 months
- A person who has been convicted of an indictable offence which is not spent
- A person who has been convicted of any other offence which in the opinion of the Board either brings PCH into disrepute or is incompatible with the role of shareholder<sup>8</sup>
- A person who is the subject of any composition made with that persons creditors
- A resident who is in breach of their tenancy agreement or lease and who fails to rectify the breach within a reasonable timeframe<sup>9</sup>

## 7 Ending of Shareholding Membership

7.1 A shareholder's membership will end under any of the following circumstances<sup>10</sup>:

- If they die
- If they are by expelled as the result of conduct detrimental to PCH and in accordance with Rule C15
- If they give notice to end their membership to the Head of Governance which shall be effective immediately<sup>11</sup>
- They do not attend in person or appoint a proxy or deliver written apologies in advance for two consecutive annual general meetings

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<sup>4</sup> Rule C28 explains the requirements for the delivery of the notice to appoint a proxy

<sup>5</sup> In accordance with Rule G14.31

<sup>6</sup> For definition of Local Authority person see Rule G14.17

<sup>7</sup> And appointed under Rule D14

<sup>8</sup> See C6.10

<sup>9</sup> See C6.12

<sup>10</sup> See Rule C14 for precise wording

<sup>11</sup> Unless they are one of the last 3 remaining shareholders in which case they must provide one month's written notice

- If the shareholding member is a corporate body and ceases to be a corporate body
- If they are a nominee of an unincorporated body and the share is transferred to another nominee
- If they cease to be eligible under any of the exclusions to membership in Rule C6 (paragraph 5 above)
- If they are a resident and in the opinion of the Board are in material or serious breach of their tenancy agreement or lease
- If they are a resident and cease to be a resident (unless it is a temporary situation due to works to their home)
- A notice is served to the shareholder at their last known address asking within a specific period (of not less than one month) whether they wish to remain a shareholder and they fail to reply within that period.

It is the policy of PCH that a review is undertaken annually, and that the notice period will be two months, with a reminder issued after one month.

Where a shareholder who is an existing resident fails to respond to a notice within the required time, additional attempts will be made to contact the shareholder personally to ascertain if they wish to continue with their shareholding membership.

- 7.2 Where a shareholder is also a Board Member, their share will automatically be cancelled upon their retirement or resignation unless the Board agrees that they should remain as a shareholding member.

## **7 Membership regulations**

- No shareholder shall hold more than one share and each share shall carry only one vote.
- A shareholding member cannot belong to more than one category of membership
- The share has a nominal value of £1. It does not convey any rights to interest, dividend or bonus. At the ending of the shareholding membership by whatever means the sum of £1 will be retained by the organisation.
- In the event of death a person will cease to be a shareholder and their share will be cancelled. It cannot be transferred to another person.

## **8 Payments to shareholding Members**

- 8.1 Shareholding members should be aware that under Section 122 of the Housing and Regeneration Act 2008 they and their close relatives are prevented from obtaining gifts, dividends and bonuses from PCH.

This applies to

- a) a current or former shareholding member of PCH
- b) a member of the family of a current or former shareholding member,

c) a company which has as a director a person within paragraph (a) or (b).

- 8.2 The exception to the above relates to board members who are also shareholders – where the constitution of Plymouth Community Homes permits the remuneration or other payments or benefits as approved by the Board from time to time to the extent permitted by the Regulator.
- 8.3 If a payment is made in breach of paragraph of this policy PCH has the right under the Act to recover the wrongful gift or payment as a debt from the recipient. The RSH may also require the Association to take action to recover such a wrongful gift or payment.

## **9 Subsidiary Companies**

- 9.1 For the avoidance of doubt none of the foregoing applies to PCH's subsidiaries, PCHMS is a company limited by guarantee. PCHR and PCHE are both private companies limited by shares. The sole member of each of these companies is and will remain PCH.