



SHAREHOLDING MEMBERSHIP POLICY

Status: Board approved

Date: 25Nov 2022

1 Introduction

- 1.1 This policy sets out the Board's approach to shareholding membership to Plymouth Community Homes Limited (the housing association entity), and the application and approval process (which is in accordance with our Rules).
- 1.2 Plymouth Community Homes Limited (PCH) has open shareholding which aims to:
 - allow people to express support for and a commitment to PCH
 - enhance PCH's accountability to the wider community within which it operates
 - allow residents and other service users to have a role to play in the affairs of PCH as their landlord and/or service provider
- 1.3 Shareholding provides no dividends as PCH is a not-for profit organisation.

2 Shareholder's Role and Rights

- 2.1 Shareholders must agree to be bound by the obligations set out in the Rules (our constitution). When acting as a shareholder they must act at all times in the interests of PCH and for the benefit of the community, and as guardians of our purpose (to provide social housing and related services).
- 2.2 A Shareholder can:
 - attend and vote at the Annual General Meeting (AGM) and other General Meetings of PCH Shareholders
 - receive the statutory accounts and annual report
- 2.3 No shareholder shall hold more than one share and each share shall carry only one vote. The share has a nominal value of £1; it does not convey any rights to interest, dividend or bonus. At the end of shareholding membership, the sum of £1 is retained by PCH.
- 2.4 Votes at a General Meeting from shareholders (either 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 shareholders – 71.5% of the votes apportioned equally between them

- independent shareholders – 28.5% of the votes apportioned equally between them
- 2.5 The quorum for General Meetings is at least five shareholders (either in person or by proxy), provided that at least one resident and two independent shareholding members are present in person.
- 2.6 A shareholder unable to attend a General Meeting may appoint a proxy (who need not be another shareholder) to attend and vote on their behalf. Notice of a proxy must be received by the Head of Governance no later than 48 hours before the date of the general meeting (see Rule C28).
- 2.7 Shareholders also have a role to play in helping shape the key strategies and policies that directly affect residents. PCH will ensure shareholders receive communications on key issues and include shareholders in consultation as appropriate.

3 Admission Criteria - Individuals

- 3.1 Resident shareholding is open to all tenants, shared owners and leaseholders (subject to eligibility criteria below). 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 is open to persons who are not residents (subject to eligibility criteria below).
- 3.3 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.

4 Admission Criteria - Organisations

- 4.1 A corporate body (other than a local authority) or an unincorporated body may be admitted if it can meet at least two of the following criteria:
- they can demonstrate it would have a long-term interest in, and willingness to support PCH in furthering its aims and objectives
 - they would enhance the accountability of PCH within the communities where we work
 - they would enhance the representation and understanding of the client groups with whom PCH works
 - they would enhance key partnerships with organisations with whom PCH works
- 4.2 A corporate body nominates a specific individual to exercise its rights, and may change that nomination at any time. The shareholding will 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.

- 4.3 Unincorporated bodies may apply for shareholding membership, stipulating the name(s) of the person(s) to be the nominee(s). The share certificate will be 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. Should the body wish to change the nominee(s), an application must be made in writing to the Head of Governance who will place it before the next meeting of the Board who have the same right to refuse the new nomination(s) as to refuse the original nomination(s). If it is accepted, a new share certificate will be drawn up (on receipt of the original) without further payment.

5 Eligibility

- 5.1 Rule C6 states the following cannot become or remain a Shareholder:

- A person who is under the age of 18
- A person previously expelled from being a Shareholder
- A member of staff (of PCH or its subsidiaries)
- A local authority person, if the admission would mean shareholding members who are local authority persons would be able to exercise more than one-third of the total votes available
- A person who has been removed as a board member in accordance with Rule D8
- A Council Board member
- 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
- A person who is the subject of any composition made with that person's creditors
- A resident who is in breach of their tenancy agreement or lease and who fails to rectify the breach within a reasonable timeframe

- 5.2 Where a resident or independent is also classed as a 'local authority person' we cannot admit them where it would mean the Shareholders who are 'Local Authority' would be able to exercise more than one-third of the total votes (see Rules C6.7 and G14.17). A 'local authority person' is:

- a member of a Local Authority or someone who has been within the last four years, or the spouse, partner or close relative of such a person;
- an officer of a Local Authority or the spouse, partner or close relative of such a person (which for these purposes shall not include employees with non-managerial posts apart from housing employees); or
- a person who is or has been both an employee and a director, manager, secretary or other similar officer of a company which is under the control of a Local Authority,
- and for the avoidance of doubt a Council Board Member is a Local Authority Person;

- 5.3 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.

6 Applications

- 6.1 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 criteria for admission to membership and enclosing the sum of £1 (which shall be returned to them if the application is not approved).
- 6.2 Applicants must demonstrate that becoming a shareholder will not result in an unacceptable conflict of interest, either due to a personal relationship, employment, or other connection with another organisation.
- 6.3 Applications for shareholding membership will be considered by the PCH Board, which has absolute discretion in determining whether to accept or reject any application.
- 6.4 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 to be interviewed by the Chair and the Chief Executive (or as delegated); this will be decided at the Board meeting considering the application.
- 6.5 Resident and independent Board members will normally be automatically accepted as a shareholder upon appointment.
- 6.6 The names of those admitted will be entered into the register of shareholders and will be issued with a share certificate. All shareholders will be designated as either 'Resident' or 'Independent' and also whether they are a 'local authority person'.

7 Ending of Shareholding Membership

- 7.1 Rule C14 states a Shareholder's membership ends under the following circumstances:
- If they die (note: their share cannot be transferred to another person)
 - 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 (unless they are one of the last three remaining Shareholders, in which case they must provide at least one month's written notice)
 - They do not attend in person or appoint a proxy or deliver written apologies in advance for two consecutive Annual General Meetings
 - If the Shareholder 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 (see paragraph 6 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)

7.2 A Shareholder review is undertaken annually, where Shareholders are contacted in writing to ask whether they wish to remain a Shareholder. They will be given one month to respond with a reminder issued after two weeks. Where a Shareholder who is an existing resident fails to respond, additional attempts will be made to contact them personally to ascertain if they wish to continue with their shareholding.

7.3 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.

8 Shareholder Restrictions

8.1 Shareholders 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 PCH Shareholder
- b) a member of the family of a current or former PCH Shareholder
- c) a company which has as a Director who is (a) or (b)

8.2 The exception relates to Board members who are also Shareholders, where the Rules allow the Board to provide remuneration or other payments/benefits permitted by the Regulator.

8.3 If a payment is made in breach of this policy, PCH has the right to recover the wrongful gift or payment as a debt from the recipient. The Regulator may also require PCH to take action to recover such a wrongful gift or payment.

9 Equality, Diversity and Inclusion

9.1 PCH will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or other grounds set out in our Equality Diversity and Inclusion Policy.

9.2 When applying this policy PCH will:

- aim to attract a cross section of our communities
- consider requests for specific assistance related to protected characteristics and providing them where reasonable and practicable
- ensure the application and review processes are fair and transparent

10 Monitoring and Review

10.1 This policy is the responsibility of the Head of Governance, acting as Company Secretary.

10.2 This policy will be reviewed every three years or more frequently if good practice, legislation or regulation changes, or if the Rules are changed.

Issue	Description of change	Approval	Date of issue	Next review due
1	Initial issue			
2	Remove reference to PCHMS	Board	15/9/2020	2022
3	Updates, addition of 'local authority' Rule, addition of EDI and Monitoring and Review sections	Board	25 Nov 2022	2025