



Title: Register of Persons with Significant Control

Report of: TGHC Interim Managing Director

Purpose of Report

1. To seek approval from the Board of an updated Register of Persons with Significant Control.

Background

2. From 6 April 2016, UK companies needed to keep a company register giving details of all people who have significant control (PSCs) over the company.
3. This was a new statutory requirement and was designed to “increase transparency around who ultimately owns and controls UK companies. It will deter, identify and sanction those who hide their interest in UK companies to facilitate illegal activities. Enhanced transparency would also promote good corporate behaviour”.
4. The information contained in the PSC Register should be filed at Companies House.
5. The Board approved its first PSC Register at its meeting on 14 July 2016. At that time, Gateshead Council and the Gateshead Housing Company were identified as PSCs and this was subsequently filed at Companies House.
6. The Board agreed, at its meeting on 18 November 2018, to increase the composition of the Board to nine members. This has increased the number of Ordinary Trustees from four to six. More significantly though, less than 25% of the Council nominations are now trustees.

The Persons with Significant Control (PSC) Register

7. A PSC is an individual who meets one or more of the following five conditions in relation to the company:
 - they hold, directly or indirectly, more than 25% of the shares in the company;
 - they hold, directly or indirectly, more than 25% of the voting rights in the company;
 - they hold the right, directly or indirectly, to appoint or remove a majority of the board of directors of the company;
 - they have the right to exercise, or actually exercise, significant influence or control over the company;

- they have the right to exercise, or actually exercise, significant influence or control over the activities of a trust or firm and the trustees of the trust or members of the firm meet one of the first four conditions.
8. Gateshead Council was previously identified as a PSC of Keelman Homes because 2 of the 7 trustees were nominated by the Council, which equated to 28.6%. Following the change in the constitution, only 2 of the 9 trustees are nominated by the Council, which equates to 22%. Given that the Council no longer holds 25% of the voting rights, it is proposed that it be removed from the register.
 9. The Gateshead Housing Company (TGHC) was previously identified as a PSC for Keelman Homes because “they have the right to exercise, or actually exercise, significant influence or control over the company” through the operational set up, day to day running of Keelman Homes and the management agreement.
 10. The Legal Department at Gateshead Council has advised that this interpretation is incorrect. In 2014, the trustees of Keelman Homes became the owners of the Charity. TGHC receives an income to deliver housing management services to Keelman Homes through a management agreement but has no influence or control over the company. It is proposed therefore that TGHC also be removed from the register.
 11. Any future updates required to Keelman Homes PSC Register will be brought to the Board for approval as required.

Impact on Tenants

12. There are no impacts on tenants arising from this report.

Risk Management Implications

13. The introduction of a PSC Register will reduce the risk of non-compliance with statutory requirements.

Financial Implications

14. There are no financial implications arising from this report.

Health Implications

15. There are no health implications arising from this report.

Value for Money Implications

16. There are no value for money implications arising from this report.

Equality and Diversity Implications

17. There are no equality and diversity implications arising from this report.

Consultation Carried Out

18. Gateshead Council's Legal Department has been consulted when updating the PSC Register.

Recommendation

19. The Board is recommended to approve the updates to the PSC Register and to inform Companies House that Keelman Homes does not have any persons with significant control.