

**Title of meeting:** Cabinet Meeting

**Date of meeting:** 14<sup>th</sup> February 2022

**Subject:** Magna Park Management Limited (company no. 2224536)

**Report by:** Tom Southall - Assistant Director Property & Investment

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## **1. Purpose of report**

- 1.1 To update the Cabinet on the City Councils ownership of shares in Magna Park Management Limited.

## **2. Recommendations**

That the Cabinet

- 2.1. Delegates authority to the Assistant Director Property & Investment, in consultation with the City Solicitor and s151 Officer, to represent the Council as shareholder in matters related to the operation of Magna Park Limited; and
- 2.2. To report no less than annually to the Cabinet on the performance of the company and any other relevant matters relating to it.

## **3. Background**

- 3.1. Portsmouth City Council owns 14 out of 965 ordinary shares (c.1.45%) in Magna Park Management Limited (MPML).
- 3.2. The ownership of the company shares is necessitated by the ownership of Unit 3420, Buccaneer Way, Lutterworth (Travis Perkins). Unit 3420 was acquired in December 2016 and forms part of the Council national property investment fund which yields the council in excess of £9 million per annum.
- 3.3. MPML operates as a property management company and is responsible for the management (including maintenance) of the Magna Park estate shown in appendix A.
- 3.4. Each freeholder owner on the Magna Park estate owns shares in MPML. The Council share ownership is not significant enough to give any responsibility for Directorship of the company.

- 3.5. The total cost of the services performed by the company in relation to the estate are recovered from all the shareholders / occupiers on the estate by way of service charge.
- 3.6. PCC costs in relation to MPML activities charged under the service charge are paid by the occupying tenant Travis Perkins.
- 3.7. As a minority shareholder PCC has voting rights at the AGM of the company, the Assistant Director Property & Investment has historically represented the Council in these meetings. Voting at the AGM is limited to approval of the accounts and the appointment of the annual auditors.

#### **4. Legal comments**

- 4.1. The City Solicitor has had no involvement in this company and has not reviewed the company governance arrangements (i.e. Articles of Association and, if there is one, the shareholder agreement) which govern the functioning of the company.
- 4.2. MPML is a private limited company and as such the Council's liability to the company is limited to the value of its shareholding in the company. The Council owns approximately 1.45% of MPML. As a part owner, the Council has a statutory right to inspect certain documents, records and registers of the company (including but not limited to the register of members, directors, debenture holders, resolutions and meetings). However such a small shareholder does not give the Council any additional rights to unilaterally influence the strategy and functions of the company, such as to appoint directors, to require the circulation of a written resolution, require a general meeting to be held or to block or pass ordinary or special resolutions of the company.
- 4.3. As such the role that the Council, as shareholder, will have in relation to the company is likely to be minimal and will likely be largely limited to attendance at general meeting of the company.
- 4.4. The recommendations in this report therefore pose no significant risk to the Council.

#### **5. Chief Finance Officers Comments**

- 5.1. There are no direct financial implications as a result of the recommendations within the report.
- 5.2. The Councils share ownership as stated in the main body of the report is minimal and any losses or obligations in the event of default of this company are limited to its £14 shareholding.

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Signed by: Tristan Samuels, Director of Regeneration

**Appendices:**

Appendix A - Magna Park Estate

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------|----------|
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|                   |          |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

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Signed by: