



WARRINGTON

Borough Council

Professor Steven Broomhead
Chief Executive

Mr R Buttrey

Reply via: request-488206-82f5c1e8@whatdotheyknow.com

Gareth Hopkins
Assistant Director Customer
and Business Transformation

Quattro 5th Floor
Buttermarket Street
Warrington
WA1 2NH

22nd June 2018

Our ref: **FOI/CORP/2347**

Dear Mr Buttrey,

Freedom of Information Act Request: Redwood Bank and Warrington Guardian

I am writing in response to your email of 31st May 2018 requesting information about Council contact with the Warrington Guardian in relation to Redwood Bank.

Please the Council's responses to your enquiries outlined below.

1. Copies of any correspondence between the Council and the Warrington Guardian newspaper that have mentioned either Redwood Bank Limited or Redwood Financial Partners Limited.

[Please see the attached enquiries from the Warrington Guardian newspaper and the Council's responses, in relation to either Redwood Bank Limited or Redwood Financial Partners Limited.](#)

[In addition, the Council's ICT team has completed a search of all emails that have passed through our systems. They searched on header information \(Date, Time, To, From & Subject Line\) and another for the specific phrases "Redwood Bank Ltd" or "Redwood Financial Partners Ltd" during the past two years. The search did not return any results. The method used cannot search the body of emails or attachments to see if they contain references to Redwood Bank Limited or Redwood Financial Partners Limited.](#)

[The Council does not implement journaling within email system, therefore we cannot provide any emails that have previously been deleted. If we were to manually search through the body of every email, this would involve 4,500 mailboxes which have been active during the past 2 years. To do so it would take the Council a considerable amount of time to identify and review the relevant mailboxes. There is also no guarantee that this search would find any of the information you requested. If anything was found, it would take further resource to provide the information you requested in a readable format.](#)

Section 12 of the Freedom of Information Act 2000 allows a public authority to refuse a request if the cost of providing the information to the applicant would exceed the 'appropriate limit' as defined by the Freedom of Information and Data Protection (Appropriate Limit and Fees) Regulations 2004:

"12 Exemption where cost of compliance exceeds appropriate limit

(1) Section 1(1) does not oblige a public authority to comply with a request for information if the authority estimates that the cost of complying with the request would exceed the appropriate limit".

The Regulations provide that the appropriate limit to be applied to requests received by local authorities is £450 (equivalent to 18 hours of work). In estimating the cost of complying with a request for information, an authority can only take into account any reasonable costs incurred in:

"(a) determining whether it holds the information,

(b) locating the information, or a document which may contain the information,

(c) retrieving the information, or a document which may contain the information, and

(d) extracting the information from a document containing it".

For the purposes of the estimate the costs of performing these activities should be estimated at a rate of £25 per hour. The Council estimates that the cost of supplying any information would exceed £450 and 18 hours of staff time.

To be within the cost limit or 18 hours, we would need you to provide a list of Council members of staff for us to search their mailboxes. If you provide a list, we will estimate the time it would take to provide any information to you.

The Council is currently refusing this part of your request under section 12 of the Freedom of Information Act 2000.

2. The subject matter and dates of any telephone conversations between the Council and the Warrington Guardian that have mentioned either Redwood Bank Limited or Redwood Financial Partners Limited.

The Council does not hold any information in relation to any telephone conversations between the Council and the Warrington Guardian that have mentioned either Redwood Bank Limited or Redwood Financial Partners Limited. Therefore the Council does not hold the information as specified in your request.

3. Have any meetings between the Council and the Guardian been held in which either Redwood Bank Limited or Redwood Financial Partners Limited were discussed, and if so what were the dates, the subject agenda and who from the Council and Warrington Guardian were present at any meeting. (Add paragraphs in response to the information requested and refer to enclosures where appropriate).

The Council does not hold any information about meetings between the Council and the Guardian being held in which either Redwood Bank Limited or Redwood Financial Partners Limited were discussed. Therefore the Council does not hold the information as specified in your request.

If you are not satisfied with my response to your request for information, you may ask the Council for an internal review of this decision. You should write to Paul Clisby, Legal Services Manager, Warrington Borough Council, Quattro, Buttermarket Street, Warrington, WA1 1BN, giving details of your complaint. You should do this as soon as possible, or, in any case, within two months of your request being refused.

If, following the outcome of the internal review, you remain dissatisfied with the Council's response to your information request, you have the right under section 50 of the Freedom of Information Act 2000 to appeal to the Information Commissioner at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Telephone: 0303 123 1113
Fax: 01625 545 510
Email: enquiries@ico.gsi.gov.uk

Yours sincerely,



Gareth Hopkins
Assistant Director – Customer & Business Transformation
Corporate Services Directorate

Please see the below enquiries from the Warrington Guardian newspaper and the Council's responses, in relation to either Redwood Bank Limited or Redwood Financial Partners Limited:

Email enquiries from the Warrington Guardian	Date received	Council's Response																																																																
<p>Hi,</p> <p>This is a separate matter which is also linked to Redwood Bank – can a comment be provided, please?</p> <p>The Companies House records for RFPL show that on the 13/4/2018, 2,095,667 new shares were issued.</p> <p>The confirmation statement, which should follow, has not yet been published so it is not yet known to whom these shares were issued.</p> <p>Is the council concerned by the issuing of these new shares?</p> <p>Does it know who these were issued to? If so, who?</p> <p>If not issued to the council, it appears that the council's major 33.3% stake has been weakened. Does the council believe this is the case?</p> <p>Shareholding Redwood Financial Partners Ltd Confirmation Statement 13/11/2017</p> <table><tr><th>Shareholder</th><th>No. of Shares</th><th>% of shares 13/11/2017</th><th>% of shares 13/4/2018</th></tr><tr><td>Warrington Borough Council</td><td>2,099,863</td><td>33.3%</td><td>25.0%</td></tr><tr><td>Jonathan David Rowland</td><td>1,604,902</td><td>25.5%</td><td>19.1%</td></tr><tr><td>Ruskin Capital Ltd</td><td>1,596,423</td><td>25.3%</td><td>19.0%</td></tr><tr><td>Bonderman Family LP</td><td>225,255</td><td>3.6%</td><td>2.7%</td></tr><tr><td>David & Caroline Williams</td><td>197,865</td><td>3.1%</td><td>2.4%</td></tr><tr><td>Optimus Corporate Services</td><td>197,863</td><td>3.1%</td><td>2.4%</td></tr><tr><td>Crescent 4 Ltd</td><td>134,863</td><td>2.1%</td><td>1.6%</td></tr><tr><td>RMG Holdings LLC</td><td>109,224</td><td>1.7%</td><td>1.3%</td></tr><tr><td>Richard Burstn</td><td>68,468</td><td>1.1%</td><td>0.8%</td></tr><tr><td>Bashar Al Chalabi</td><td>46,122</td><td>0.7%</td><td>0.5%</td></tr><tr><td>Raymond Khoury</td><td>12,053</td><td>0.2%</td><td>0.1%</td></tr><tr><td>Dylan Pearson</td><td>6,618</td><td>0.1%</td><td>0.1%</td></tr><tr><td>Total Shares @ 13/11/2017</td><td>6,299,519</td><td></td><td></td></tr><tr><td>Shares allotted 13/4/2018 Who to???</td><td>2,095,667</td><td></td><td>25.0%</td></tr><tr><td>Total Shares @ 13/4/2018</td><td>8,395,186</td><td>100%</td><td>100%</td></tr></table>	Shareholder	No. of Shares	% of shares 13/11/2017	% of shares 13/4/2018	Warrington Borough Council	2,099,863	33.3%	25.0%	Jonathan David Rowland	1,604,902	25.5%	19.1%	Ruskin Capital Ltd	1,596,423	25.3%	19.0%	Bonderman Family LP	225,255	3.6%	2.7%	David & Caroline Williams	197,865	3.1%	2.4%	Optimus Corporate Services	197,863	3.1%	2.4%	Crescent 4 Ltd	134,863	2.1%	1.6%	RMG Holdings LLC	109,224	1.7%	1.3%	Richard Burstn	68,468	1.1%	0.8%	Bashar Al Chalabi	46,122	0.7%	0.5%	Raymond Khoury	12,053	0.2%	0.1%	Dylan Pearson	6,618	0.1%	0.1%	Total Shares @ 13/11/2017	6,299,519			Shares allotted 13/4/2018 Who to???	2,095,667		25.0%	Total Shares @ 13/4/2018	8,395,186	100%	100%	18/05/2018	<p>“The Council approved the investment of up to £30m to acquire and maintain a 33% share in the Bank. The new shares being issued have not weakened our position and we still maintain this 33% stake.”</p>
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<p>Campaigner Richard Buttrey believes there is a 'serious maladministration' going on at WBC.</p> <p>He raised 'issues' around the Investment in the bank generally referred to as Redwood Bank, in which WBC have obtained a 33% share in for £30 million.</p> <p>-The first £10m part of the £30m investment in Redwood Bank that has been paid to Redwood Bank is 'ultra vires' in that it has been made 'contrary to the resolution' that the WBC Executive Board meeting passed in January 2017.</p> <p>-Redwood Bank has committed an illegal offence contrary to the Companies Act 2006.</p> <p>Here is addition info he has sent:</p> <p>This matter concerns WBC's investment of £30m in the banking company Redwood Financial Partners Ltd and the timing of a change to the Company's Articles of Association. Warrington Borough Council (WBC) became a shareholder in Redwood Financial Partners Ltd (RFPL) on 5 April 2017 with a shareholding of 33% of the company.</p> <p>WBC was not a signatory to that resolution. The Companies Act 2006 requires a change of Articles be approved by 75% of shareholders, and since WBC held 33% of the shares (other shareholders 67%) on that day the resolution was passed illegally and contrary to the Companies Act.</p> <p>It should be noted that Jonathan Rowland with 25% of the shares in RFPL obtained power of attorney to act on behalf of other shareholders on 31 March 2017 only five days before the actual change of Articles on 5 April 2017, and he alone signed the Special Resolution.</p> <p>Why was this change rushed through? It would seem it was a (failed) attempt to change the Articles before WBC became a shareholder.</p> <p>The effect of the (illegal) changes to the Articles are in many ways prejudicial to the interests of WBC.</p> <p>The change of Articles on 5/4/2017 renders any due diligence undertaken by WBC with respect to the Articles of Acorn Global Investments Ltd, (the previous name of RFPL until the name change on 3 February 2017) prior to then largely redundant, since the Articles are now different in so many ways to that which WBC and presumably the Prudential Regulatory Authority were concerned with during the due diligence exercise.</p> <p>This change of Articles by JR must call into question the bona fides of JR whose actions have arguably put at risk WBC's investment in RFPL.</p> <p>Question 1. As a majority shareholder what information do WBC have which has caused them to take no action in the last 16 months about the illegal change in the Articles, and what steps will WBC now take to have the change of Articles resolution made null and void and the original articles reinstated? The simplest way would be to call for a Special Resolution of shareholders to have the original Articles reinstated. The difficulty with this is that WBC do not hold 75% of the shares and unless 42% of the other shareholders (i.e.</p>	<p>18/05/2018</p>	<p>"As part of the process of establishing Redwood Bank, the Council utilised external legal and financial advisors as well discussing at length with our external auditors to ensure the suitability, sustainability and legality of the deal.</p> <p>"We can confirm that the Articles of Association were adopted prior to the Council becoming a shareholder in the Bank. As such the Council was not required to sign the resolution.</p> <p>"We have received detailed requests for information from members of the public about Redwood Bank and we will continue to respond to these individual queries."</p>

Jonathan Rowland and Ruskin Capital Ltd) agree, such a resolution would fail. WBC seem to be in a Catch 22 position. The current articles were made illegally and need to be changed but WBC do not have the necessary number of shares with which to call a special resolution.

Question 2. What reasons (if any) are preventing WBC taking action under Section 168 of the Companies Act 2006 to have JR removed as a Director for both his offence of signing the Special Resolution when he was not permitted and his failure of the general duty to exercise reasonable care pursuant to Section 174 of the Companies Act 2006?

Question 3. What steps if any will WBC take to ensure JR cannot make any decisions that are prejudicial to WBC's interest in either RFPL or Redwood Bank Limited (in which JR is also a director)?

An associated matter is the decision made by the Executive Board on 16 January 2017 to commit to the Investment in Redwood Bank (RB). I'm not party to the details discussed during the Private Part 2 of the meeting but throughout the Agenda and Minutes reference is made to an investment in Redwood Bank not Redwood Financial Partners Ltd.

Question 4. Why was the Investment made in Redwood Financial Partners Ltd which was not in existence on the 16 January 2017 when the Executive Board sanctioned the investment in RB?

WBC clearly believed that the Articles could not be changed without their approval.

Given the illegal change of Articles we now know that belief was ill-founded.

WBC also identified future actions that were required before the investment be approved.

Mr Buttrey believes this whole matter calls into question the degree of due diligence, scrutiny and monitoring that has taken place.

He said: "The Labour government's reason for having Elected Mayors was to make it clear to councillors and public alike who is ultimately accountable.

"In addition a Mayor could appoint a politically balanced Executive Committee where all views are heard."

Would it be possible for a comment in response to each of the above questions?

And would you like to respond to any other concerns above, including concerns over the investment being 'ultra vires', the investment being made 'contrary to the resolution' passed by exec board, and his quote at the bottom?

Email enquiries from the Warrington Guardian	Date received	Council's Response
<p>During Tuesday's Organisational Improvement and Development Policy Committee meeting, concerns were raised over councillors not being informed about major decisions by the authority that contain commercially sensitive information.</p> <p>Chairman Cllr John Kerr-Brown acknowledged the commercial sensitivity element but said 'clearly there is an issue about members being informed'.</p> <p>He asked for 'more openness, so members are aware of what is happening'.</p> <p>He highlighted the Redwood Bank investment.</p> <p>And he said there should be something in place to ensure members are better informed about potential investments 'rather than being told afterwards'.</p> <p>He was told the matter would be referred back to Lynton Green.</p> <p>1) Can a comment be provided on whether the council intends to provide 'more openness' and better 'inform' councillors about matters that have commercial sensitivity information in the future?</p> <p>2) Would it like to respond to any other concerns above, including concerns over councillors merely being told 'after' a decision is made?</p> <p>Thanks</p>	<p>19/04/2018</p>	<p>"When the Council explores and pursues commercial opportunities, it is not possible to fully brief all members as it could risk a breach of contracts and non-disclosure agreements.</p> <p>Clearly though, there is a balance, and we will continue to brief members at the appropriate time for all relevant investment decisions.</p> <p>As agreed in the recent Treasury and Capital strategy approved by Full Council in February, we are committed to offering more training to members to help them better understand the Council's investments and operating context. We have previously held optional training sessions for members to better understand investment and treasury decisions and will continue to offer guidance."</p>