

## Third Party Companies Update at Quarter 3 2020/21

### 1.0 Introduction

- 1.1 The purpose of this Annex is to provide information in line with the Local Government Ethical Standards and The Review undertaken by the Committee on Standards in Public Life. This identified areas of 'best practice' for local authorities which represent a benchmark for ethical practice. It recommends that the Council should report on separate bodies they have set up / created or which they own and publish the separate bodies annual reports and minutes in an accessible place. Reporting on the separate bodies will also be included in the Council's annual governance statement which is presented to the Audit Governance and Standards Committee on an annual basis usually in July each year.
- 1.2 In order for the Council to provide a full picture of the relationship with separate bodies and abide by the Nolan principle of openness and to be transparent the information included here reports on the financial position of the Council's third party bodies and also provides information on the location of the annual reports.
- 1.3 The Council has set up third party bodies, in line with legal requirements, as set out in the Council Plan to ensure ongoing financial sustainability and further information is included below. The Council creates and supports new opportunities and new income streams to ensure the on-going affordability of council services.

### 2.0 Third Party Companies

- 2.1 The Council currently has a Joint venture Partnership with Wykeland – Central Northallerton Development Company Ltd - that was formed in October 2017. Further information is detailed below.
- 2.3 In addition, two further companies limited by shares have been set up in line with the September 2019 Council approval of the Commercial Property Investment Portfolio and delegated authority given to the Chief Executive to set up a further wholly owned company for the purpose of acquiring and managing investment properties. The two companies are:
- Hambleton District Holdings
  - Hambleton Property Limited
- 2.4 At Quarter 2, 30 September 2020 no investment had occurred and the Commercial Investment Strategy report approved at Council in September 2020 suspended the Commercial Investment Strategy.
- 2.5 One of the reasons for the suspension of the Commercial Investment Strategy was the awaited comments from the government on the consultation paper from HM Treasury on 'Public Works Loan Board: future lending terms' support. These comments have now been provided and these confirm that the future lending terms from the government will be that interest rates will remain low where Councils do not invest for a commercial purpose.

### 3.0 Central Northallerton Development Company Limited

- 3.1 **Annual Accounts 2019/20** – Central Northallerton Development Company Limited has produced final accounts for three years where the annual report and financial statements 31 March 2020 are published at Companies House and are also available on the Council's website. The link is as follows:  
[https://www.hambleton.gov.uk/info/20257/council\\_budget\\_and\\_spending/267/statement\\_of\\_accounts/4](https://www.hambleton.gov.uk/info/20257/council_budget_and_spending/267/statement_of_accounts/4)

3.2 **Quarter 3 2020/21 as 31 December 2020** - Attached at Appendix A is Central Northallerton Development Company Limited's financial position at Quarter 3 2020/21, which is supplied for transparency purposes. The following highlights information from the accounts:

- The accounts show a profit for the financial period from 1 April 2020 to 31 December 2020 of £1,717,252 due to the sale of Phase 1 to Hambleton District Council.
- The 'Turnover' includes the rent received from Crosby Road Car Park of £59,781 where HDC receives 100% of the initial £55,000, £55,000 to £70,000 goes to CNDCL (of which HDC will receive 50%) and then after £70,000 HDC receives 60% and Wykeland 40%. This is detailed in the 4 September 2018 Cabinet report. Furthermore £2,040,546 is from the sale of Phase 1 back to Hambleton District Council.
- The 'Investment Properties' detailed in the balance sheet mainly relate to the Crosby Road Car park, where there is also a small amount of 'Plant' at £2,172.
- The 'Inventories' figure £591,351, in the balance sheet mainly relates to the development of the south side of the Treadmills site where the historic buildings are located; the site is due to complete in Autumn 2021. The expenditure has been funded by Hambleton District Council in line with Council approval of the process to purchase the south side of The Treadmills site in July 2018. The site has opened with Lidl and Iceland in November 2020.
- The 'Creditors: amounts falling due after more than one year' in the balance sheet of £2,415,248 is the loan from Hambleton District Council in relation to the land transfer of the former prison site for the development of Treadmills Phase 1 and 2 along with Wykeland.
- The loss brought forward from previous years is £76,356, on completion of the south side of the Treadmills site the accounts are now in profit with the total profit standing at £1,640,896.

## Appendix A

### Statement of comprehensive income for the year ended 31 March 2021 - for the period ending 31 December 2020

Notes	Period ended 31-Dec-20	Year ended 31-Mar-20
Turnover	2,196,433	98,304
Cost of Sales	0	0
Gross profit (loss)	2,196,433	98,304
Administrative expenses	(89,181)	(107,389)
<b>Profit/(Loss) on ordinary activities before taxation</b>	<b>2,107,252</b>	<b>(9,085)</b>
Tax on profit on ordinary activities	(390,000)	0
<b>Profit/(Loss) for the financial year/period</b>	<b>1,717,252</b>	<b>(9,085)</b>

### Balance Sheet for the for the period ending 31 December 2020

Notes	31-Dec-20	31-Mar-20
<b>Fixed Assets</b>		
Investment Properties	97,880	94,610
Plant	2,172	0
	<b>100,053</b>	<b>94,610</b>
<b>Current Assets</b>		
Inventories	591,351	2,304,205
Debtors	156,464	35,435
Cash at bank and in hand	3,771,461	780,694
	4,519,276	3,120,334
<b>Creditors: amounts falling due in within one year</b>	<b>(563,181)</b>	<b>(876,048)</b>
<b>Net Current Assets/(Liabilities)</b>	<b>3,956,095</b>	<b>2,244,286</b>
<b>Total assets less current liabilities</b>	<b>4,056,148</b>	<b>2,338,896</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(2,415,248)</b>	<b>(2,415,248)</b>
<b>Net Assets/(Liabilities)</b>	<b>1,640,900</b>	<b>(76,352)</b>
<b>Capital and Reserves</b>		
Called up share capital	4	4
Profit and loss account	1,640,896	(76,356)
<b>Total shareholder' equity</b>	<b>1,640,900</b>	<b>(76,352)</b>

### Statement of changes in equity for the year ended 31 March 2021 - for the period ending 31 December 2020

	Called up share capital £	Profit and (Loss) account £	Total shareholders' deficit £
<b>Balance at 31 March 2020</b>	<b>4</b>	<b>(76,356)</b>	<b>(76,352)</b>
Profit/(Loss)for the financial year to date	-	1,717,252	1,717,252
<b>Balance at 31 December 2020</b>	<b>4</b>	<b>1,640,896</b>	<b>1,640,900</b>