

## Third Party Companies Update at Quarter 3 2019/20

### 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 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 in paragraph 3.0.
- 2.2 In addition, two further companies limited by shares have been set up in line with the in 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. Further information is in paragraph 4.0.
- 2.3 The two companies are:
  - Hambleton District Holdings
  - Hambleton Property Limited

### 3.0 Central Northallerton Development Company Limited

- 3.1 **Annual Accounts 2018/19** – Central Northallerton Development Company Limited has produced final accounts for two years where the Annual Report and Financial Statements 31 March 2019 for 2018/19 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 2019/20 as 31 December 2020** - Attached at Appendix A is Central Northallerton Development Company Limited's financial position at Quarter 3 2019/20, which is supplied for transparency purposes. The following information highlights information from the accounts:
  - The accounts show a loss for the financial period from 1 April 2019 to 31 December 2019 of £7,373 an increase compared to quarter 2 due to general running costs of the site e.g. security

- The 'Turnover' is the rent received from Crosby Road Car Park of £70,411 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;
- The Crosby Road Car Park rent received during 2019/20 will be used to support the capital works that have occurred at the car park which at quarter 3 stood at £94,609. This is correctly reflected in Hambleton District Council's accounts that no rent will be received.
- The 'Investment Properties' detailed in the balance sheet mainly relate to the Crosby Road Car park;
- The 'Inventories' figure £1,434,429, in the balance sheet mainly relates to the development of the south side of the Treadmills site; the amount expended on the development at quarter 3 was £1,043,492 and this 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 'Loan from Hambleton District Council' in the balance sheet of £2,415,248 is in relation to the land transfer of the former prison site; and
- The loss brought forward from previous years is £67,271.

#### **4.0 Commercial Property Investment Portfolio**

- 4.1 The two companies set up for the Commercial Property Investment Portfolio are 100% owned by the Council and will operate as follows:
- Hambleton District Holdings – has been set up:
    - to support the Council if it further develops other future companies where the structure to enable this already exists though the Holding Company
    - to provide equity to the subsidiary company for the commercial property portfolio investment
  - Hambleton Property Limited – has been set up to invest in commercial property investment to generate income.
- 4.2 The companies are operated in line with the Governance arrangements set out in the Investment Strategy. External Legal and Financial advice is sought as required to support the ongoing development and operation in line with the Capital Strategy approved by Council in February 2019. Minutes of meetings are to be published on the Council's website as well as the Annual Report completed at financial year end 31 March 2020.
- 4.3 The creation of the companies enables Lambert Smith Hampton as property advisors and property managers to search out and recommend investments which should be beneficial to generate income. It should be noted that Countrywide announced on 29 November 2019 that Lambert Smith Hampton is being sold to Great Global Holdings; this should not impact on the Commercial Investment property Portfolio .
- 4.5 At 31 December 2019 no investment had yet occurred.

## Appendix A

### Central Northallerton Development Company Limited's financial portion at Quarter 3 2019/20

#### Statement of comprehensive income for the year ended 31 March 2020 - for the period ending 31 December 2019

| Notes  | Period ended<br>31-Dec-19 | Year ended<br>31-Mar-19 |
|--|---------------------------|-------------------------|
| Turnover   | 70,411                    | 1,661,249               |
| Cost of Sales                                      | 0                         | (1,676,706)             |
| Gross profit (loss)                                | 70,411                    | (15,457)                |
| Administrative expenses                            | (77,784)                  | (39,391)                |
| <b>Loss on ordinary activities before taxation</b> | <b>(7,373)</b>            | <b>(54,848)</b>         |
| Tax on loss on ordinary activities                 | 0                         | 0                       |
| <b>Profit/(Loss) for the financial year/period</b> | <b>(7,373)</b>            | <b>(54,848)</b>         |

#### Balance Sheet for the for the period ending 31 December 2019

| Notes  | 31-Dec-19          | 31-Mar-19          |
|--|--------------------|--------------------|
| <b>Fixed Assets</b>  |                    |                    |
| Investment Properties  | 94,610             | 0                  |
| <b>Current Assets</b>  |                    |                    |
| Inventories  | 1,434,429          | 1,156,395          |
| Debtors  | 33,347             | 1,993,409          |
| Cash at bank and in hand                                       | 799,496            | 0                  |
|  | 2,267,272          | 3,149,804          |
| <b>Creditors: amounts falling due in within one year</b>       | <b>(21,274)</b>    | <b>(801,823)</b>   |
| <b>Net Current assets/(liabilities)</b>                        | <b>2,245,998</b>   | <b>2,347,981</b>   |
| <b>Total assets less current liabilities</b>                   | <b>2,340,608</b>   | <b>2,347,981</b>   |
| <b>Creditors: amounts falling due after more than one year</b> | <b>(2,415,248)</b> | <b>(2,415,248)</b> |
| <b>Net Liabilities</b>   | <b>(74,640)</b>    | <b>(67,267)</b>    |
| <b>Capital and Reserves</b>                                    |                    |                    |
| Called up share capital  | 4                  | 4                  |
| Profit and loss account  | (74,644)           | (67,271)           |
| <b>Total shareholder' deficit</b>                              | <b>(74,640)</b>    | <b>(67,267)</b>    |

#### Statement of changes in equity for the year ended 31 March 2020 - for the period ending 31 December 2019

|                                       | Called up<br>share capital<br>£ | Profit and<br>loss account<br>£ | Total<br>shareholders'<br>deficit<br>£ |
|---------------------------------------|---------------------------------|---------------------------------|--|
| <b>Balance at 31 March 2019</b>       | <b>4</b>                        | <b>(67,271)</b>                 | <b>(67,267)</b>                        |
| Profit for the financial year to date | -                               | (7,373)                         | (7,373)                                |
| <b>Balance at 31 December 2019</b>    | <b>4</b>                        | <b>(74,644)</b>                 | <b>(74,640)</b>                        |