

## REPORT NO. 6

### HARBOROUGH DISTRICT COUNCIL

#### REPORT TO THE CABINET MEETING ON 4 NOVEMBER 2020

PUBLIC REPORT: N

EXEMPT REPORT: N

Appendix A exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

<b>Report Title</b>	Harborough District Commercial Services Limited – Report to the Shareholder
<b>KEY DECISION</b>	Not applicable
<b>Report Author</b>	Norman Proudfoot – Joint Chief Executive
<b>Purpose of Report</b>	To provide an update of the performance of the Company and to approve the adoption of the Business Plan for 2020/21 prior to adoption by the Board of HDCSL
<b>Reason for Decision</b>	In accordance with the Company's governance arrangements to consider the Business Case for approval by the Board and the final accounts submitted by the Company for 2018/19.
<b>Portfolio (holder)</b>	The Leader
<b>Corporate Priorities</b>	
<b>Financial Implications</b>	As set out in the body of the report
<b>Risk Management Implications</b>	The Governance Agreement sets out the operational requirements of the Company, which ensures that the Company maintains appropriate standards of governance and reporting and monitoring requirements.
<b>Environmental Implications</b>	None as far as this report is concerned
<b>Legal Implications</b>	The Company is incorporated by shares and is required to act under the requirements of the Companies Act 2006.
<b>Equality Implications</b>	None as far as this report is concerned.
<b>Data Protection Implications</b>	None as far as this report is concerned
<b>Consultation</b>	The 2018/19 accounts have been audited by the Company's auditors prior to being filed. The proposed Business Plan attached as Appendix A has been considered by the Board at its meeting on 15 <sup>th</sup> October 2020.
<b>Options</b>	
<b>Appendices</b>	<b>Appendix A Business Plan 2020/21 Exempt</b> <b>Appendix B Filed Accounts 2018/19</b>
<b>Background Papers</b>	Governance Agreement between (1) Harborough District Council and (2) HDCSL

<b>Recommendation</b>	<ol style="list-style-type: none"><li><b>1. That the Cabinet as Shareholder considers and approves the Business Plan for 2020/21 (attached as Appendix A) as required under Clause 6.3 of the Governance Agreement; and</b></li><li><b>2. That the filed Accounts for 2018/19 attached as Appendix B are noted.</b></li></ol>
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## **1. Introduction**

1. At its meeting on 26 November 2018 the Executive agreed to set up a wholly owned local authority company, limited by shares, with the Council as sole shareholder. This was to enable the Council to progress with a strategic land acquisition with the Company owning and managing the land in the short to medium term.
2. On 2 January 2019, Harborough District Commercial Services Limited (“the Company”) was incorporated having adopted the model Articles of Association (“the Articles”) with Norman Proudfoot, Joint Chief Executive as a Director of the Company (“the Director”).

## **2. Key Facts**

3. Since incorporation of the Company, the Cabinet in its capacity as shareholder, has appointed two further Non- Executive Directors to bring the total number to three as envisaged by the initial Business Plan approved prior to incorporation of the Company on 2 January 2019. The Articles of Association have been amended from the model Articles, adopted on incorporation, to one more tailored to the requirements of the Company. In addition, the Cabinet approved the form of Governance Agreement and Service Level Agreement with the Council.
4. The Governance Agreement sets out the responsibilities of both the Council (in its capacity as Shareholder) and the Company and the governance arrangements for the operation of the Company and the relationship between the parties.
5. As part of its overall governance structure, the Company is required to adopt a Business Plan for each Financial year, and in order for this, the Council, as Shareholder has to approve Business Plan prior to adoption by the Company. It is a matter then for the Company to review and update the Business Plan (Clause 6.3 of the Governance Agreement).

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6. At its Board meeting on 15<sup>th</sup> October 2020 the Company considered the revised Business Plan for this financial year and the approved proposal is attached as Appendix A
7. The company's aim going forward is to help develop and regenerate areas within the district council boundaries, particularly in line with HDC's current Local Plan 2011 – 2031. It will help the Council deliver its regeneration and Housing objectives and the key focus will be in respect of Commercial Property, Housing Acquisition and Development.
8. Harborough District Services Ltd (HDCS ) acquired a freehold property within Market Harborough Town Centre which could, along with HDC's existing property holdings in the town centre, provide such an opportunity to regenerate the town centre. The freehold property consists of two commercial units (which are subject to three commercial leases) and a service yard and five residential flats also the subject of leases) ("the Property").
9. Although the company is initially focussed on managing the property it is not limited to this and in the longer term it is envisaged that the company will be used as a vehicle for further redevelopment and regeneration opportunities and could be used for other purchases and traded activity.
10. The Shareholder is therefore asked to approve the proposed Business Plan for consideration and adoption by the Company at its next Board meeting.
11. The Company submitted its first set of accounts for the year to 31 March 2019 to Companies House in December 2019. A copy of the signed accounts is attached as Appendix B. Members should note that these accounts effectively are for a 16-day period as the property was not acquired by the Company until 15<sup>th</sup> March 2019. This is explained in Note 7 to the accounts
12. In accordance with the Companies Act HDCSL is required to file its annual accounts with Companies House nine months after the company's financial year ends. HDCSL has a financial year end of 1<sup>st</sup> March, therefore the accounts ending 31 March 2020 are due to be audited and filed with Companies House by 31 December 2020. However, the Company has now been notified by its auditors, that due to the impact of COVIC 19 that deadline has been automatically extended for three months. Therefore, the deadline for filing the accounts will be 31 March 2021.

