

# Public Document Pack

27 November 2017

Our Ref Cabinet Sub-Committee  
(Council Charities)/6.12.17  
Your Ref.  
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To: Members of the Sub-Committee: Councillor Bernard Lovewell, Councillor Ray Shakespeare-Smith and Councillor Michael Weeks.

You are invited to attend a

## **MEETING OF THE CABINET SUB-COMMITTEE (COUNCIL CHARITIES)**

to be held in the

**BROTHERHOOD HALL, GERON ROAD, LETCHWORTH GARDEN CITY**

On

**WEDNESDAY, 6TH DECEMBER, 2017 AT 10.30 AM**

Yours sincerely,



David Miley  
Democratic Services Manager

## **Agenda** **Part I**

<b>Item</b>	<b>Page</b>
<b>1. ELECTION OF CHAIRMAN</b> To elect a Chairman of the Sub-Committee for the 2017/18 Civic Year.	
<b>2. MINUTES - 12 DECEMBER 2016</b> To take as read and approve as a true record the minutes of the meeting of the Sub-Committee held on 12 December 2016.	(Pages 1 - 4)
<b>3. NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Chairman of other business which they wish to be discussed by the Committee at the end of the business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chairman will decide whether any item(s) raised will be considered.	
<b>4. CHAIRMAN'S ANNOUNCEMENTS</b> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest which requires they leave the room under Paragraph 7.4 of the Code of Conduct, can speak on the item, but must leave the room before the debate and vote.	
<b>5. PUBLIC PARTICIPATION</b> To receive petitions, comments and questions from members of the public. At the time of producing the agenda none had been received.  Any other public participation requests received within the agreed time will be notified to Members as soon as practicable.	
<b>6. ANNUAL ACCOUNTS AND RETURNS FOR COUNCIL ADMINISTERED CHARITIES</b> REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT  To consider and approve the returns required for each of the Charities/Charitable Trusts administered by NHDC, namely Hitchin Town Hall, King George V Playing Fields, Smithson Recreation Ground and the Hertfordshire Yeomanry collection.	(Pages 5 - 50)



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## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET SUB-COMMITTEE (COUNCIL CHARITIES)

Meeting held at Council Offices, Gernon Road, Letchworth Garden City  
on Monday, 12 December 2016 at 11.00am

#### Minutes

**PRESENT:** *Councillors Bernard Lovewell (Chairman), P.C.W. Burt and Julian Cunningham.*

**IN ATTENDANCE:** *Head of Finance, Performance and Asset Management, Head of Revenue, Benefits and IT, Parks & Countryside Development Manager, Trust Lawyer and Committee & Member Services Manager.*

#### 8. MINUTES

**RESOLVED:** That the Minutes of the meeting of the Sub-Committee held on 22 August 2016 be taken as read, approved and signed by the Chairman as a correct record.

In relation to Resolution (3) of Minute 6 – Consultation Results on Proposed Changes to Charitable Objects of Smithson’s Recreation Ground, Hitchin, the Trust Lawyer advised that processes were in place to obtain an indemnity policy, as the changes to the charitable objects would effectively create a restrictive covenant against the land title.

#### 9. NOTIFICATION OF OTHER BUSINESS

There was no notification of other business.

#### 10. CHAIRMAN’S ANNOUNCEMENTS

The Chairman reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.

#### 11. PUBLIC PARTICIPATION

There was no public participation.

#### 12. ANNUAL ACCOUNTS AND RETURNS FOR COUNCIL ADMINISTERED CHARITIES

The Head of Finance, Performance and Asset Management presented a report seeking the Sub-Committee’s agreement to the returns to the Charities Commission of the four charities/charitable trusts administered by NHDC: the Hitchin Town Hall Gymnasium and Workman’s Hall Trust; King George’s Fields Trust; Smithson Recreation Ground Trust; and Hertfordshire Yeomanry and Artillery Collection. He advised that the returns for the 2015/16 financial year needed to be submitted by 31 January 2017 to accord with the requirements of the Charities Commission.

The Head of Finance, Performance and Asset Management explained that the accounts and draft annual return for the Hitchin Town Hall Gymnasium and Workman’s Hall Trust were attached at Appendix 1 to the report. Due to the continuing redevelopment of the Town Hall during 2015/16, the building had remained closed, costs were low, and therefore income was zero. Appendices 4 and 5 to the report were the two reports to Council on Hitchin Town Hall submitted in 2016, upon which the Sub-Committee had received verbal updates at its meetings held on 23 March 2016 and 22 August 2016.

The Head of Finance, Performance and Asset Management stated that the accounts and draft annual return for King George's Field, Hitchin were attached at Appendix 2 to the report. The cost to the Trust in 2015/16 was zero, as all expenditure had been met by NHDC (£73,000 for on-going maintenance and administration costs). As the income figure exceeded the £25,000 threshold, authority was sought for an independent review of the accounts by the Shared Internal Audit Services (SIAS).

The Head of Finance, Performance and Asset Management advised that the accounts and draft annual return for the Smithson's Recreation Ground, Hitchin were attached at Appendix 3 to the report. As there was no accounting value for this asset, there was solely an income and expenditure account. Maintenance costs for the year were just over £4,000.

The Head of Finance, Performance and Asset Management informed the Sub-Committee that the Hertfordshire Yeomanry and Artillery Collection was a collection of military artefacts bequeathed to the Council by way of a Trust Deed in 2003. As the funds were less than £10,000 then the Charities Commission would simply require confirmation that nothing had changed in the past financial year.

In respect of the Hitchin Town Hall Gymnasium and Workman's Hall Trust Annual Report, the Sub-Committee considered the amount of detail included in the wording in Sections C and D of that report. Following debate, the Sub-Committee agreed that the wording was an accurate representation of events that had occurred throughout 2015/16 and should therefore remain unchanged.

**RESOLVED:**

- (1) That the information required by the Charities Commission for the four registered charities, as set out in Appendices 1, 2 and 3 of the report, be approved, so that returns can be submitted prior to the January 2017 deadline; and
- (2) That the requirement for those charities with gross income of more than £25,000 in any financial year to have their accounts independently examined be noted, and that as this applies to King George's Field for 2015/16, the examination of those accounts be undertaken by the Shared Internal Audit Service (SIAS).

**REASON FOR DECISION:** To facilitate the submission of approved returns to the Charities Commission.

**13. PROPOSED CHANGES TO CHARITABLE OBJECTS OF SMITHSON'S RECREATION GROUND, HITCHIN**

The Trust Lawyer gave an oral report on the proposed changes to the Charitable Objects of the Smithson's Recreation Ground Trust, Hitchin.

The Trust Lawyer advised that, following the Sub-Committee meeting on 22 August 2016, she had applied to the Charities Commission to change the Trust's Charitable Objects relating to the use by boys over the age of 5. It had taken some months for the Charities Commission to respond, which they eventually did on 23 November 2016. They had exercised their discretion by not compelling the Trust to undertake a Public Notice process, in view of the consultation that had already been carried out on the matter by the Trust.

The Trust Lawyer stated that a draft scheme proposed by the Charities Commission had been subsequently sent to Members of the Sub-Committee and a Record of Delegated Decision had been signed by the Chairman on 27 November 2016 approving the scheme. In response to a question from one of the Members, she reiterated the fact that the Record of Delegated Decision had also included approval to purchase indemnity insurance in respect of a potential breach of the restrictive

covenant. She hoped that the Charities Commission would finalise the scheme and notify her as soon as possible.

In response to a Member's question, the Parks and Countryside Development Manager confirmed that the capital improvement works to the Recreation Ground approved earlier in 2016 were now complete, apart from delivery of the park benches, which was expected in early 2017.

**RESOLVED:** That the oral report of the Trust Lawyer be noted.

**REASON FOR DECISION:** To keep the Sub-Committee updated with matters concerning the proposed changes to the Charitable Objects.

The meeting closed at 11.25am.

.....  
Chairman

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**CABINET SUB-COMMITTEE (COUNCIL CHARITIES)**  
**6 DECEMBER 2017**

**\*PART 1 – PUBLIC DOCUMENT**

**AGENDA ITEM No.**

**6**

**TITLE OF REPORT: ANNUAL ACCOUNTS AND RETURNS FOR COUNCIL ADMINISTERED CHARITIES**

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT

**1. EXECUTIVE SUMMARY**

1.1 This report includes the returns required for each of the Charities/Charitable Trusts administered by North Hertfordshire District Council (NHDC). The four Charities/Charitable Trusts are; Hitchin Town Hall Gymnasium and Workmans Hall Trust, King George’s Field Hitchin, Smithson Recreation Ground and Hertfordshire Yeomanry and Artillery Collection. The Charities Sub-Committee approve the accounts and annual reports prior to submission to the Charities Commission, if a return is required.

**2. RECOMMENDATIONS**

2.1 That the Charities Sub-Committee approves the information required by the Charities Commission for the four registered charities, so that the returns can be submitted prior to the January 2018 deadline.

2.2 That the Charities Sub-Committee notes the requirement for those charities with gross income of more than £25k in their financial year to have their accounts independently examined and, as this applies to King George’s Field, instructs this to be undertaken for those accounts for 2016/17. This will be undertaken by the Shared Internal Audit Service (SIAS).

**3. REASONS FOR RECOMMENDATIONS**

3.1 To facilitate the submission of approved returns to the Charities Commission.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 None. There is a need to comply with the Charities Commission requirements.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 None applicable.

**6. FORWARD PLAN**

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

## **7. BACKGROUND**

- 7.1 The Charities commission recommend that “the management of a charity should be kept separate, as far as possible, from the business of the local authority. Depending on the size and circumstances of the charity, it may make sense for a committee of councillors to be allocated to this task....Equally the finances of the trust must be kept separate from those of the Council”.
- 7.2 This Sub-Committee was established to discharge this duty on behalf of NHDC.
- 7.3 The information provided below is produced by nominated Officers with support from the finance team. Once approved by this Committee, the returns will be submitted by the nominated Officers.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 The following Council Charities are registered with the Charities Commission (with registration number in brackets):

### **8.2 Hitchin Town Hall Gymnasium and Workman’s Hall Trust (CC Number 233752)**

- 8.2.1 The financial statements for this Trust are included in Appendix 1a and the Head of Revenues, Benefits & IT produces the annual report, as included in Appendix 1b.
- 8.2.2 The building works were substantially completed during 2016/17, however it still remained closed to the public. This was due to the liquidation of a fit-out contractor and access issues in relation to the ownership of 14/15 Brand Street. The annual report (appendix 1b) provides more details on these.
- 8.2.3 In respect of the ownership of 14/15 Brand Street, Members will be aware that there has been a report to Council during the year (28<sup>th</sup> March 2017). Members of this Sub-Committee have absented themselves from those discussions at Council and have not taken part in any associated votes.
- 8.2.4 The Part I Cabinet report is included as an appendix (appendices 4a and 4b) for information.

### **8.3 King George’s Field Hitchin (CC Number 1087603)**

- 8.3.1 The accounts for this Trust are produced by the Parks and Countryside Development Manager and are attached (as Appendix 2a) along with the draft annual return (as Appendix 2b).
- 8.3.2 The most significant income source to this Trust was the NHDC contribution of £92k, which largely funded the ongoing maintenance and administrative costs to NHDC arising from these playing fields.
- 8.3.3 As the income figure exceeds £25k an independent review by the Shared Internal Audit Service (SIAS) has been requested

#### **8.4 Smithson Recreation Ground (CC Number 264311)**

8.4.1 The day to day management of the grounds lies with Leisure & Environmental Services. The accounts for this Trust are produced by the Parks and Countryside Development Manager and are attached (as Appendix 3a) along with the draft annual return (as Appendix 3b). Smithson Recreation Ground returns only comprise an Income and Expenditure Statement because there is no asset value to make up a Balance Sheet.

8.4.2 For 2016/17 the overall operating cost incurred was just over £4k.

#### **8.5 Hertfordshire Yeomanry and Artillery Collection (CC Number 1100515)**

8.4.1 This is the only charity that does not involve land or buildings. It is a collection of military artefacts bequeathed to the Council by way of a Trust Deed dated 6 August 2003.

8.4.2 This collection is managed by the Cultural Services Manager. As the funds are less than £10k then all that the Charities Commission requires is a confirmation that nothing has changed with regard to the Collection in the past financial year. The responsible NHDC officer, the Cultural Services Manager, has confirmed this is the case. Therefore there is no specific return for the sub-committee to approve, and consequently no Appendix.

#### **8.6 Independent Audit or examination of the Accounts of the Trusts**

8.6.1 The nature of the scrutiny of the accounts will depend on the income and assets of the charity. An independent examination is needed if gross income is between £25k and £1 million and an audit is needed where the gross income exceeds £1 million. An audit will also be needed if total assets (before liabilities) exceed £3.26 million, and the charity's gross income is more than £250,000.

8.6.2 The Charities Act defines gross income to mean the gross recorded income *from all sources*. That includes income received from NHDC. In terms of prudent financial management therefore, officers propose that King George's Field, Hitchin will have to be independently examined. The remaining three Trusts will not require independent examination or audit as the income for is less than £25k. Charities with income of less than £25k are not required to have external scrutiny.

### **9. LEGAL IMPLICATIONS**

9.1 The Council acts as the Trustee for the above mentioned Charities/ Charitable Trusts and this Sub-Committee of the Cabinet is the managing committee appointed on behalf of the Council to manage them. Members when carrying out their duties on the managing committee must act solely in interests of the charity. They do not promote the interests of a 3<sup>rd</sup> party (i.e. the Council), even if that 3<sup>rd</sup> party appointed them to the managing committee.

9.2 The Sub-Committee's role and function under 5.10.4 (a) (b) and (e) of the constitution is to act on behalf of the Council as a Trustee for all assets of the Council; consider all matters relating to those Trusts including to receive reports on any matter, including the property and financial implications concerning those trust's assets.

- 9.3 The Charities Act 2011 sets out the requirement for Charitable Trustee to maintain accounting records, submit annual returns if gross income exceed £10k and for lower-income charities where income exceeds £25k to be examined by an independent examiner (by virtue of sections 130, 169 and 145).

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The Council is subject to the following duties in relation to Charitable Trusts:

- Fiduciary duty as Trustee
- Contractual duty as the nominee of Fields in Trust (where this applies)
- Statutory duty as Charity Trustee
- Statutory duties as a local authority landowner (where this applies)

- 10.2 The costs of an independent examination of the accounts. This should be around £290 based on one day of SIAS time.

## **11. RISK IMPLICATIONS**

- 11.1 There is a risk that the non submission of annual accounts and/or returns may result in a financial penalty being levied by the Charities Commission.
- 11.2 All charities must keep accounting records, and prepare annual accounts which must be made available to the public on request, which may represent a resource requirement.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no equalities implications arising directly from this report.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 There are no human resources implications from this report.

## **15. APPENDICES**

- 15.1 Appendix 1a and 1b – Hitchin Town Hall Trust Accounts and Annual Report.
- 15.2 Appendix 2a and 2b – King George V Playing Fields Accounts and Annual Return.
- 15.3 Appendix 3a and 3b – Smithson Recreation Ground Accounts and Annual Return.
- 15.4 Appendix 4a and 4b – North Hertfordshire Museum and Hitchin Town Hall: Part I Report to Cabinet on 28 March 2017.

**16. CONTACT OFFICERS**

- 16.1 Ian Couper, Head of Finance, Performance & Asset Management 01462 474243, [ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk)
- 16.2 Howard Crompton, Head of Revenues, Benefits & IT, 01462 474247  
[howard.crompton@north-herts.gov.uk](mailto:howard.crompton@north-herts.gov.uk)
- 16.3 Marie Searle, Trust Lawyer, Legal Services 01462 474315  
[marie.searle@north-herts.gov.uk](mailto:marie.searle@north-herts.gov.uk)
- 16.4 Steve Geach, Parks & Countryside Development Manager, 01462 474553,  
[steve.geach@north-herts.gov.uk](mailto:steve.geach@north-herts.gov.uk)
- 16.5 Shah Mohammed, Group Accountant, 01462 474240, [shah.mohammed@north-herts.gov.uk](mailto:shah.mohammed@north-herts.gov.uk)

**17. BACKGROUND PAPERS**

None applicable.

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## HITCHIN TOWN HALL GYMNASIUM & WORKMAN'S HALL TRUST

### STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31st March 2017

	Notes	Unrestricted funds	Restricted funds	Total Funds 2017	Total Funds 2016 £
<b>INCOMING RESOURCES</b>					
Contribution from North Herts District Council		14,732	-	14,732	10,089
<b>Total Incoming Resources:</b>		<u>14,732</u>	<u>-</u>	<u>14,732</u>	<u>10,089</u>
<b>RESOURCES EXPENDED</b>					
	1				
Charitable Activities		14,732	38,900	53,632	13,569
<b>Total Resources Expended:</b>		<u>14,732</u>	<u>38,900</u>	<u>53,632</u>	<u>13,569</u>
<b>Net Incoming Resources for the year before Transfers.</b>		<u>-</u>	<u>-38,900</u>	<u>-38,900</u>	<u>-3,480</u>
Gains/(losses) on revaluation of fixed assets			1,784,920	1,784,920	
<b>NET MOVEMENT IN FUNDS</b>		-	1,746,020	1,746,020	-3,480
<b>Total Funds B/Fwd</b>		-	160,080	160,080	163,560
<b>FUNDS CARRIED FORWARD:-</b>		<u>-</u>	<u>1,906,100</u>	<u>1,906,100</u>	<u>160,080</u>

**HITCHIN TOWN HALL GYMNASIUM & WORKMAN'S HALL TRUST**

**Balance Sheet as at 31st March 2017**

	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Fixed Assets</b>			
Tangible Fixed Assets	2	1,945,000	160,080
<b>Total Assets less Current Liabilities</b>		<u>1,945,000</u>	<u>160,080</u>
<b>Reserves</b>			
Restricted Funds		1,945,000	160,080
Unrestricted Funds		-	-
<b>Total Funds:-</b>	3	<u>1,945,000</u>	<u>160,080</u>



## HITCHIN TOWN HALL GYMNASIUM & WORKMAN'S HALL TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st March 2017

	2017 £	2016 £
<b>1 RESOURCES EXPENDED</b>		
Rates	8,858	-
Utilities	5,394	4,725
Repairs and Maintenance	-	1,341
Premises Insurance and Licences	480	4,023
Depreciation	38,900	3,480
	53,632	13,569

### 2 TANGIBLE FIXED ASSETS

#### *Hitchin Town Hall Gym and Workman's Hall*

Carrying Value b/fwd at 1st April 2016	160,080	163,560
Revaluation*	1,784,920	
Depreciation Charge for the year	- 38,900	- 3,480
Net Book Value at 31st March 2017	1,945,000	160,080

\* Revaluation as at the 1 September 2016 undertaken by the Chartered Estates Surveyor at North Hertfordshire District Council  
The useful economic life is expected to be 50 years

	Restricted Funds £	General Unrestricted £	Total £
<b>3 FUNDS</b>			
Balance at Start of the Year	160,080	-	160,080
Net Incoming (Outgoing) resources for the Year	1,784,920	-	1,784,920
Depreciation of Fixed Assets	-38,900	-	-38,900
	1,746,020	-	1,746,020
Net Movement in Funds	1,746,020	-	1,746,020
Reserves at the end of the Year.	1,906,100	-	1,906,100

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## Trustees' Annual Report for the period

Period start date			Period end date		
01	April	2016	31	March	2017

### Section A Reference and administration details

**Charity name**

HITCHIN TOWN HALL GYMNASIUM & WORKMANS HALL TRUST

**Other names charity is known by**

CHARITY FOR A GYMNASIUM AND OTHER PURPOSES FOR THE BENEFIT OF THE INHABITANTS

**Registered charity number (if any)**

233752

NORTH HERTFORDSHIRE DISTRICT COUNCIL

COUNCIL OFFICES, GERON ROAD

LETCWORTH GARDEN CITY, HERTS

**Postcode**

**SG6 1JF**

#### Names of the charity trustees who manage the charity

	Trustee name	Office (if any)	Dates acted if not for whole year	Name of person (or body) entitled to appoint trustee (if any)
1	North Hertfordshire District Council	Corporate Body (represented by Sub Committee)		
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

#### Names of the trustees for the charity, if any, (for example, any custodian trustees)

Name	Dates acted if not for whole year

**Names and addresses of advisers (Optional information)**

Type of adviser	Name	Address

**Name of chief executive or names of senior staff members (Optional information)**

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## Section B Structure, governance and management

**Description of the charity's trusts**

Type of governing document (eg. trust deed, constitution)	TRUST DEED
How the charity is constituted (eg. trust, association, company)	TRUST
Trustee selection methods (eg. appointed by, elected by)	THE COUNCIL AS A CORPORATE BODY IS THE TRUSTEE, COUNCILLORS SIT AS TRUSTEES AND ARE ELECTED BY THE ELECTORS OF NORTH HERTFORDSHIRE

**Additional governance issues (Optional information)**

You **may choose** to include additional information, where relevant, about:

- policies and procedures adopted for the induction and training of trustees;
- the charity's organisational structure and any wider network with which the charity works;
- relationship with any related parties;
- trustees' consideration of major risks and the system and procedures to manage them.

The Trust comprises of an element of the Hitchin Town Hall comprising the Gymnasium and Workman's Hall. The remainder of the building is in the ownership of North Hertfordshire District Council, which is also the Trustee of the Trust part of the property.

Both parts of the property are managed by the District Council (the Trust property under formal agreement) and are used for community purposes, in line with the objectives of the Trust.

To affect management of the Trust and ensure separation from the Council, a Sub-Committee with full decision making powers in the interest of the Trust has been set up comprising of three Members of the Cabinet, whose Portfolios have no direct interest in the Council's part of the building.

Since local government re-organisation in 1974, when the Trustee changed from Hitchin Urban District Council to North Hertfordshire District Council, until 2009 the distinction between the Trust owned element of the building and the Council owned element has been lost. The arrangements explained above have been put in place to correct this omission.

## Section C Objectives and activities

**Summary of the objects of the charity set out in its governing document**

The objectives of the Trust are set out as:

*"Upon trust to use or permit it to be used as a Gym for the benefit of the residents of Hitchin and for other purposes mentioned in s6(3) Museums and Gymnasiums Act 1891 and also for any other (charitable) purpose for the benefit of the North Hertfordshire District for which North Hertfordshire District Council can lawfully use building and land vested in them".*

The whole of the Hitchin Town Hall complex, including the Trust part of the property was closed at the end of October 2012 to commence work on converting the building to a refurbished community facility, substantially incorporating that part of the building owned by the Council, and a District Museum substantially incorporating the Trust part.

Work continued throughout until 2016.

The project to create the new museum in the Trust part of the building has been fraught with problems since 2015/2016. There has been a protracted dispute between the Council and Hitchin Town Hall Limited, the partners in the project and the body responsible for the management and running of the community hall and cafeteria part of the building.

The position has not changed since last year's annual report.

The result of this is that what was intended to be the entrance to the new museum cannot currently be used because Hitchin Town Hall Limited refuses to allow the Council access over it. Furthermore, this also restricts access to certain rooms within the Trust property, which require access over the former 14 and 15 Brand Street to gain entry.

There is an alternative access point, which is being used to gain entry to the Trust property and therefore the new museum.

During the course of this activity, the company engaged to carry out the refit of the new museum went into liquidation causing further delay to the project whilst an alternative refit supplier could be engaged.

The refit has been completed and the Museum has been open albeit on a restricted basis as there is no level access available. Negotiations are continuing with Hitchin Town Hall Limited to seek a solution to the matter of access through the original entrance comprising 14 and 15 Brand Street.

**Summary of the main activities undertaken for the public benefit in relation to these objects (include within this section the statutory declaration that trustees have had regard to the guidance issued by the Charity Commission on public benefit)**

**Additional details of objectives and activities (Optional information)**

You **may choose** to include further statements, where relevant, about:

- policy on grantmaking;
- policy programme related investment;
- contribution made by volunteers.



**Section D****Achievements and performance****Summary of the main achievements of the charity during the year**

The Sub-Committee Members acting on behalf of the Trust ensure that through the management of the building its objectives are met in the use of the Trusts areas for the provision of as much community benefit as may be possible.

This is achieved by making available unrestricted use of the building to all members of the community, regardless of gender, sexual orientation, race, age, religious belief or disability for a range of purposes.

Through policies and practices employed in the operation of the whole building by the District Council on behalf of the Trust, the Trust benefits the public in the establishment and promotion of community cohesion and development.

Following the operational closure of Hitchin Town Hall at the end of October 2012, the Trusts areas of the building were cleared of equipment and furniture by the end of March 2013.

This enabled those areas, together with remainder of the building, to be transferred to the Council's Property Services Department. This allowed the department, from the start of the reporting period, to make the necessary arrangements for the whole building to become suitably available to the NHDC project team for the commencement of refurbishment activities towards the creation of the new community hall and museum facility, which has been delayed due to the factors described in Section C.

## Section E Financial review

### Brief statement of the charity's policy on reserves

The Trust's reserves total £1,906,100 at 31 March 2017, which is a considerable increase on the £160,080 at 31 March 2016. This is because having completed the refurbishment and fit out as a Museum, the Council arranged to have the property valued and this was resulted in a revaluation gain of £1,784,920. There had not been a revaluation of the premises for many years. The reserves consist totally of restricted funds. These funds represent the property asset (Gymnasium and Workman's Hall), which is retained for actual use rather than to be expended. The Trust has no unrestricted funds as at 31 March 2017 that can be expendable at the discretion of trustees in furtherance of the charity's objectives. The Trust's general expenditure is typically greater than general income. As a result North Hertfordshire District Council provides a contribution to the Trust and unrestricted funds are maintained at a zero balance over time. If the financial situation was to change and the Trust's level of income significantly increased the Trust would need to adopt a policy on an appropriate level of reserves.

### Details of any funds materially in deficit

No funds are materially in deficit.

### Further financial review details (Optional information)

You **may choose** to include additional information, where relevant about:

- the charity's principal sources of funds (including any fundraising);
- how expenditure has supported the key objectives of the charity;
- investment policy and objectives including any ethical investment policy adopted.

Income from activities for generating funds is earned from the hire of the Workman's Hall and Gymnasium. The facility was closed during financial year 2016/17 and so did not generate any income. The Trust received a contribution from North Hertfordshire District Council to cover all resources expended.

Expenditure incurred during 2016-17 was general running expenses of the Workman's Hall and Gymnasium.

The Trust does not have any significant assets or liabilities other than the tangible fixed asset.

## Section F Other optional information

--

## Section G Declaration

The trustees declare that they have approved the trustees' report above.

Signed on behalf of the charity's trustees

Signature(s)		
Full name(s)		
Position (eg Secretary, Chair, etc)		
Date		



**King George V Charitable Trust**

**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 31st March 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2017	Total Funds 2016
<b>INCOMING RESOURCES</b>						
Contribution from North Herts District Council		91,752	-	-	91,752	72,975
Rents Income		100	-	-	100	152
Maintenance Cost Contribution		-	-	-	-	306
MUGA Contribution		-	-	-	-	-
Lease of Building and Land		-	-	-	-	64
<b>Total Incoming Resources:</b>		<u>91,852</u>	<u>-</u>	<u>-</u>	<u>91,852</u>	<u>73,065</u>
<b>RESOURCES EXPENDED</b>						
Charitable Activities	1	<u>91,852</u>	<u>24,199</u>	<u>-</u>	<u>116,050</u>	<u>101,917</u>
<b>Total Resources Expended:</b>		<u>91,852</u>	<u>24,199</u>	<u>-</u>	<u>116,050</u>	<u>101,917</u>
<b>Net Incoming Resources for the year before Transfers.</b>		<u>-</u>	<u>-24,199</u>	<u>-</u>	<u>-24,199</u>	<u>-28,852</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>-</u>	<u>-24,199</u>	<u>-</u>	<u>-24,199</u>	<u>-490,519</u>
<b>Total Funds B/Fwd</b>		<u>-</u>	<u>246,280</u>	<u>-</u>	<u>246,280</u>	<u>736,799</u>
<b>FUNDS CARRIED FORWARD:-</b>		<u>-</u>	<u>222,081</u>	<u>-</u>	<u>222,081</u>	<u>246,280</u>

## King George V Charitable Trust

### Balance Sheet as at 31st March 2017

	Notes	2017 £	2016 £
<b>Fixed Assets</b>	2		
Land & Buildings		167,134	168,453
Equipment		<u>54,947</u>	<u>77,827</u>
		<b><u>222,081</u></b>	<b><u>246,280</u></b>
<b>Current Assets</b>			
Debtors	3	1,188	-
<b>Current Liabilities</b>	4		
Creditors		-1,188	-
<b>Assets less Current Liabilities</b>		<b><u>222,081</u></b>	<b><u>246,280</u></b>
<b>Reserves</b>	5		
Restricted Funds		222,081	246,280
Unrestricted Funds		-	-
<b>Total Funds:-</b>		<b><u>222,081</u></b>	<b><u>246,280</u></b>

**King George V Charitable Trust**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31st March 2017**

	2017 £	2016 £				
<b>1 RESOURCES EXPENDED</b>						
Repairs and Maintenance	24,292	35,194				
Overhead Costs	61,464	30,808				
Third Party payments	1,295	-				
Management Fees	4,800	5,339				
Professional fees	-	1,725				
Depreciation	24,199	28,851				
	<u>116,050</u>	<u>101,917</u>				
 <b>2 TANGIBLE FIXED ASSETS</b>	 <b>2017</b>					
	<b>£</b>					
<i>Land &amp; Buildings</i>			<i>Land &amp; Buildings</i>			
	<b>Total</b>		Pavilion	Public Convenience	Bungalow & Garage	Playing Fields (Land)
Carrying Value b/fwd at 1st April 2016	168,453		0	51,453	0	117,000
Depreciation Charge for Year	<u>-1,319</u>		<u>0</u>	<u>-1,319</u>	<u>0</u>	<u>0</u>
Net Book Value at 31st March 2017	<u>167,134</u>		<u>0</u>	<u>50,134</u>	<u>0</u>	<u>117,000</u>
 <i>Equipment</i>			<i>Equipment</i>			
	<b>Total</b>		Multi Use Games Area	Skate Park	Play Area	
Carrying Value b/fwd at 1st April 2016	77,827		25,428	16,953	35,446	
Depreciation Charge for Year	<u>-22,879</u>		<u>-12,714</u>	<u>-1,304</u>	<u>-8,862</u>	
Net Book Value at 31st March 2017	<u>54,947</u>		<u>12,714</u>	<u>15,649</u>	<u>26,585</u>	
 <b>3 CURRENT ASSETS</b>	 <b>2017</b>	 <b>2016</b>				
	<b>£</b>	<b>£</b>				
Debtor Accrual	<u>1,188</u>	<u>-</u>				
	1,188	-				
 <b>4 CURRENT LIABILITIES</b>	 <b>2017</b>	 <b>2016</b>				
	<b>£</b>	<b>£</b>				
Creditor Accrual	<u>1,188</u>	<u>-</u>				
	1,188	-				
 <b>5 FUNDS</b>	 <b>Restricted Funds</b>	 <b>General Unrestricted</b>	 <b>Total</b>			
	<b>£</b>	<b>£</b>	<b>£</b>			
Balance at Start of the Year	<u>246,280</u>	-	<u>246,280</u>			
Net Incoming (Outgoing) resources for the Year	-	-	0			
Depreciation of Fixed Assets	<u>-24,199</u>	-	<u>-24,199</u>			
Net Movement in Funds	<u>-24,199</u>	0	<u>-24,199</u>			
Reserves at the end of the Year.	<u>222,081</u>	0	<u>222,081</u>			

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## Charity Commission Annual Return 2017

**KING GEORGE'S FIELD, HITCHIN**

**Charity registration number: 1087603**

**31 January 2018 Deadline**

**Most of the information you give in this form will become publicly available on the Register of Charities. Any field that the Charity Commission will not display will be clearly marked.**

**This document is a record of the information provided in the Annual Return 2017.**

**THIS DOCUMENT IS A DRAFT AND HAS NOT YET BEEN SUBMITTED.**

**Do not send a printed copy of this document to the Charity Commission.**

### **PART A - Charity information**

#### **Financial period**

**Financial period start date**

01/04/2016

**Financial period end date**

31/03/2017

**When is your next financial period end date after this one?**

31/03/2018

#### **Income and spending**

**Income £**

£91,852

**Spending £**

£116,050

#### **Operating outside England and Wales**

**Did your charity operate outside England and Wales during the financial period covered by this annual return?**

No, the charity did not operate outside England and Wales in this financial period

## Charity governance

**How many UK volunteers, excluding trustees, did the charity have during this financial period?**

206

**Does your charity own or lease any land or buildings?**

Yes, the charity owns or leases land or buildings

**Is any of your charity's land or buildings required to be used for the charity's purposes?**

Yes, some or all of the land or buildings are used for the charitable purposes of the charity

**We currently have no active linked (subsidiary or constituent) charities associated with this charity. If this is incorrect please see our guidance on linking charities for administrative purposes.**

## Policies

**Does the charity have a risk management policy?**

Yes

**Does the charity have a written investment policy?**

Yes

**Does the charity have a written safeguarding policy?**

Yes

**Does the charity have a conflict of interest policy?**

Yes

**Does the charity have a policy for managing volunteers?**

Yes

**Does the charity have written policies in handling complaints?**

Yes

**Does the charity have written policies on paying staff?**

Yes

**Has your charity reviewed its financial controls during the reporting year?**

Yes, your charity has reviewed its financial controls during the reporting year

## Regulators

**Is your charity regulated by any of the following regulator(s) and/or registered with any of the following registrars?**

No

Please tick any organisations in the following list which you are registered with or regulated by

## Finance and funding

**During the financial period of this annual return, how much did the charity receive from:**

**Contracts from central or local government to deliver services £**

£0

**Grants from central or local government £**

£91,852

**Does your charity raise funds from the public?**

No, the charity does not raise funds from the public

**Was your charity recognised by HMRC for Gift Aid during the last 12 months?**

No, the charity was not recognised by HMRC for Gift Aid

**Does the charity have a trading subsidiary?**

No, the charity does not have a trading subsidiary

**Is grant making the main way your charity carries out its purposes?**

No, grant making is not the main way the charity carries out its purposes

**Does the charity pay one or more of its trustees for acting as a trustee of the charity?**

No, the charity does not pay any trustees for acting as a trustee of the charity



## Serious incidents

Serious incidents should be reported to the Commission as soon as possible. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

- Loss of your charity's money or assets
- Damage to your charity's property
- Harm to your charity's work, beneficiaries or reputation

The most common type of incidents are frauds, thefts, significant financial losses, criminal breaches, terrorism or extremism allegations, and safeguarding issues. If a serious incident takes place, you need to report what happened and explain how you are dealing with it, even if you have reported it to the police, donors or another regulator.

If your charity's income is over £25,000, make sure that you have reported all serious incidents that should have been reported to the Commission before you submit the annual return. This is because you will, as part of the annual return, be required to make a declaration confirming there are no serious incidents or other matters that the trustees should have brought to the Commission's attention and have not done so already.

If you are not sure what a serious incident is or whether you should have reported it, please read the guidance on gov.uk. If you need to report a serious incident, do so by emailing [RSI@charitycommission.gsi.gov.uk](mailto:RSI@charitycommission.gsi.gov.uk) with the information specified in the guidance.

If your charity's income is over £25,000, you will be unable to make the declaration and submit your annual return until you have reported all serious incidents that should have been reported to the Commission. It is an offence under section 60 of the Charities Act 2011 to provide false or misleading information to the Commission.

## Send Trustees' Annual Report and accounts

You are required to submit your Trustees' Annual Report and accounts for this financial period.

Do you want to do this now?

Any information you give us will be held securely and processed only in accordance with the rules on data protection. We will not disclose your personal details to anyone unconnected to the Charity Commission unless:

- you have consented to their release; or
- we are legally obliged to disclose them; or
- we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.

We may share and disclose information about you with relevant public authorities, regulatory bodies and agencies, outside the Charity Commission but only if:

- we can lawfully do so; and
- we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

### Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

- (a) update, consolidate, and improve the accuracy of our records;
- (b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;
- (c) data analysis, testing, research, statistical and survey purposes

Information we receive from other sources.

### Information we receive from other sources

We may combine this information with information you give to us and information we collect about you. We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals. As a 'data controller' under the Act, the Charity Commission must comply with it.

Any changes we may make to our privacy statement in the future will be set out in the replacement version of this form. Please check back frequently to see any updates or changes to our privacy policy.

This annual return has not been submitted and no Declaration has been made

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**Smithson Recreation Ground****STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 31st March 2017

	Notes	Unrestrict ed funds £	Restricted funds £	Endowm ent funds £	Total Funds 2017	Total Funds 2016
<b>INCOMING RESOURCES</b>						
Contribution from North Herts District Council		4,072	-	-	4,072	4,028
<b>Total Incoming Resources:</b>		<u>4,072</u>	<u>-</u>	<u>-</u>	<u>4,072</u>	<u>4,028</u>
<b>RESOURCES EXPENDED</b>						
Charitable Activities	1	4,072	1,374	-	5,446	4,028
<b>Total Resources Expended:</b>		<u>4,072</u>	<u>1,374</u>	<u>-</u>	<u>5,446</u>	<u>4,028</u>
<b>Net Incoming Resources for the year before Transfers.</b>		<u>-</u>	<u>-1,374</u>	<u>-</u>	<u>-1,374</u>	<u>-</u>
Other gains/(losses)			24,254			3,222
<b>NET MOVEMENT IN FUNDS</b>		-	22,880	-	22,880	3,222
<b>Total Funds B/Fwd</b>		-	3,222	-	3,222	-
<b>FUNDS CARRIED FORWARD:-</b>		<u>-</u>	<u>26,102</u>	<u>-</u>	<u>26,102</u>	<u>3,222</u>

## Smithson Recreation Ground

### Balance Sheet as at 31st March 2017

	Notes	2017 £	2016 £
<b>Fixed Assets</b>	2		
Equipment		<u>26,102</u>	<u>3,222</u>
		<b>26,102</b>	<b>3,222</b>
<b>Current Assets</b>		-	-
<b>Current Liabilities</b>		-	-
<b>Assets less Current Liabilities</b>		<u>26,102</u>	<u>3,222</u>
<b>Reserves</b>	3		
Restricted Funds		26,102	3,222
Unrestricted Funds		-	-
<b>Total Funds:-</b>		<u>26,102</u>	<u>3,222</u>

**Smithson Recreation Ground**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31st March 2017

	2017	2016
	£	£
<b>1 RESOURCES EXPENDED</b>		
Repairs and Maintenance	4,072	4,028
Depreciation	<u>1,374</u>	<u>0</u>
	5,446	4,028

**2 TANGIBLE FIXED ASSETS**

**2017**  
£

*Equipment*

	<i>Total</i>
Carrying Value b/fwd at 1st April 2016	3,222
Works undertaken	24,254
Depreciation Charge for Year	<u>-1,374</u> *
Net Book Value at 31st March 2017	<u><u>26,102</u></u>

Straight line depreciation with 20 years useful economic life

**3 FUNDS**

	<b>Restricted</b>	<b>General</b>	<b>Total</b>
	<b>Funds</b>	<b>Unrestricted</b>	<b>Total</b>
	£	£	£
Balance at Start of the Year	<u>3,222</u>	-	<u>3,222</u>
Net Incoming (Outgoing) resources for the Year	24,254	-	24,254
Depreciation of Fixed Assets	<u>-1,374</u>	-	<u>-1,374</u>
Net Movement in Funds	22,880	0	22,880
Reserves at the end of the Year.	<u><u>26,102</u></u>	0	<u><u>26,102</u></u>

## Smithson Recreation Ground

### Maintenance Expenditure

Work Type	Area	Unit	Frequency	Rate 16/17	Annual Total 16/17
General Grass	2187	M2	Performance	0.1515	331.33
Planted Areas Maintenance	381	M2	12	0.249	1,138.43
Planted Areas Pruning	381	M2	2	0.284	216.41
Play Area	1	Item	365	0.85	310.25
Dog Bin	1	No	52	1.928	100.26
Litter Bins	1	No	365	0.432	157.68
Benches	2	No	26	0.426	22.15
Hard Surfaces	1284	M2	52	0.02626	1,753.33
Leaf/Litter Clearance	3471	M2	4	0.00303	42.07
				<b>Total</b>	<b><u><u>4,071.90</u></u></b>

Maintenance Costs additional to Core Contract schedule

-

**Total Expenditure 2016/17** **4,071.90**





## Charity Commission Annual Return 2017

### SMITHSON RECREATION GROUND

Charity registration number: 264311

31 January 2018 Deadline

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### PART A - Charity information

#### Financial period

Financial period start date

01/04/2016

Financial period end date

31/03/2017

When is your next financial period end date after this one?

31/03/2018

#### Income and spending

Income £

£4,072

Spending £

£4,072

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- you have consented to their release; or
- we are legally obliged to disclose them; or
- we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.

We may share and disclose information about you with relevant public authorities, regulatory bodies and agencies, outside the Charity Commission but only if:

- we can lawfully do so; and
- we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

### Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

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- (b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;
- (c) data analysis, testing, research, statistical and survey purposes

Information we receive from other sources.

### Information we receive from other sources

We may combine this information with information you give to us and information we collect about you. We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals. As a 'data controller' under the Act, the Charity Commission must comply with it.

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<b>CABINET 28 MARCH 2017</b>
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<b>*PART 1</b>	<b>AGENDA ITEM No.</b> Urgent Item
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**TITLE OF REPORT: NORTH HERTFORDSHIRE MUSEUM & HITCHIN TOWN HALL:  
ACQUISITION OF 14/15 BRAND STREET**

REPORT OF THE CHIEF EXECUTIVE AND STRATEGIC DIRECTOR OF FINANCE, POLICY  
& GOVERNANCE

PORTFOLIO HOLDER: COUNCILLOR TONY HUNTER

**1. SUMMARY**

- 1.1 The purpose of this report is to advise Cabinet of the progress of discussions for the acquisition of 14 and 15 Brand Street from Hitchin Town Hall Ltd, commercially confidential details of which are contained in the part 2 report. Such an acquisition would allow the building to operate as intended by Council in an integrated way for the local community following the withdrawal of funding to HTH Ltd from the Social Investment Business (SIB). The Proper Officer is satisfied that, in accordance with section 15 (paragraph 15.5.1 and 15.5.2 of the Council's Constitution) the report is genuinely urgent and cannot be delayed until a later meeting because of the need to secure ownership of the properties and safeguard the Council's substantial interest.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet endorses the sum offered for the acquisition of 14/15 Brand St as set out in section 8 of the Part 2 report.
- 2.2 That Cabinet delegates approval of the agreements required to formalise the arrangement with Hitchin Town Hall Limited and HTH Finance Ltd to the Chief Executive in consultation with the Leader of the Council, Executive Member for Finance and IT and the Executive Member for Community Engagement and Rural Affairs.
- 2.3 That Cabinet note that approval of some elements of the agreement may be required from the Cabinet Sub-Committee (Council Charities).

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To enable the Council to complete the development of the North Hertfordshire Museum/Hitchin Town Hall project as intended by Council and operate the facility for the benefit of the local community.

- 3.2 To protect the Council's interests and obtain best return from the Council's existing investment and to secure projected income from the facility to offset operational and fixed costs.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The option to open the facility without occupancy of 14/15 Brand Street has been fully investigated but is not recommended. A costed options appraisal considering a number of scenarios for the occupation of the land which the Council currently owns has also been undertaken to guide the commercially confidential negotiations and, whilst these do provide viable options, the preferred option for the reasons set out in the Part 2 report would be to secure the ownership of 14/15 Brand Street and operate the premises as a single entity.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Consultation on the general parameters for seeking to acquire 14/15 Brand Street as authorised by Full Council on 20 January 2016 has been carried out with all Executive Members prior to engaging in discussions with HTH Ltd and HTH Finance Ltd.

#### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision but has not been referred to in the Forward Plan due to reasons of special urgency which prevented inclusion. In accordance with section 15.17 of the Council's Constitution the Chairman of Overview and Scrutiny Committee has agreed that this decision cannot be reasonably deferred and a notice setting out the reasons that the decision is urgent was published on the Council's website today and has been circulated to Members by e mail.

#### **7. BACKGROUND**

- 7.1 The decision making history in relation to this project is extensive and has been reported to both Council and Cabinet on a number of occasions. The reports are available on the website (<https://www.north-herts.gov.uk/home/museums/north-hertfordshire-museum-and-hitchin-town-hall/hitchin-town-hall-museum-proposals>).
- As Cabinet will be aware, under the terms of the Development Agreement HTHL were to provide finance to the project in the sum of £550k (£490k for Hall and £60k for kitchen fit-out) and transfer the former 14/15 Brand Street to the Council Charity, in return for a lease over the main Mountford Hall. With the breakdown in the relationship with the Council, the council has had to make additional funding available to replace the contribution of £550k which was not forthcoming, but the ownership of the former 14/15 Brand Street remains with HTHL. Appendix 1 provides details of the project expenditure and funding.
- 7.2 Information on the situation regarding ownership of 14/15 Brand Street was most recently provided in reports to Council on 21<sup>st</sup> January 2016. The resolutions of Council to the part 1 report were to note its contents and the part 2 report resolutions are set out below.

## **Part 2 RESOLVED:**

- (1) That authority be delegated to the Strategic Director Customer Services to submit an offer for the acquisition of 14 and 15 Brand Street and associated costs, in accordance with Paragraph 5 of the report;
- (2) That the existing delegations in the Constitution which authorise officers to take any other action necessary to protect the Council's position be noted; and
- (3) That the Strategic Director of Finance, Policy and Governance be authorised to make the necessary adjustment to the Capital Programme, subject to receipt of a satisfactory formal valuation and confirmation that the acquisition provides best consideration to the Council.

7.3 It should be noted that Council has approved in principle the acquisition of 14 and 15 Brand Street to allow the project to be completed in line with the original plans subject to the various financial limits as set out in the Council's Constitution.

7.4 At the time that Council considered the report in January 2016, it was anticipated that a Land and Property Act receiver would be called in to deal with the sale of 14 and 15 Brand Street to seek to recover the outstanding debts to SIB. As Members will be aware the property was indeed marketed by the receiver and the Council put in a bid. The receiver's action did not reach a conclusion, however, and separately, HTH Finance Ltd (a newly formed company) negotiated with SIB and purchased the debt and charge on the property that SIB had secured. In that circumstance the receiver was dismissed and the property remains in the ownership of HTHL with the mortgage beneficiaries now being HTH Finance Ltd.

7.5 Following the acquisition of the debt by HTH Finance Ltd the Council were approached by HTHL and HTH Finance Ltd with a view to resolving the ownership issue relating to 14/15 Brand Street.

7.6 Discussions have taken place in the latter part of 2016 and first quarter of 2017 with HTHL and HTH Finance Ltd and it has been made very clear that in order to make a bid for the property the S151 Officer would need to ensure that it was offering value for money to the Council Tax payer. This approach has also been discussed and agreed with the District Auditor.

## **8. ISSUES**

8.1 The Council has invested a large sum of money in the construction of a new museum and refurbishment of Hitchin Town Hall. To help inform the negotiations and subsequent decision-making process regarding the value for money to the Council tax payer from any acquisition of 14/15 Brand street, feasibility work has been undertaken by Buttress Architects which has identified a number of options which would allow the museum and town hall to operate without 14/15 Brand Street, albeit there are compromises that would need to be made if the two landownerships were to be separated. Those options have been costed and evaluated as detailed in the Part 2 report.

8.2 The Council has also considered the business case for additional income generation potential should it be able to acquire 14/15 Brand Street and this would indicate that additional lettings and sale income could be achieved and provide an acceptable return on the investment.

- 8.3 From the negotiations with HTHL and HTH Finance Ltd it would appear that the Council could acquire the site and buildings for a sum that would represent best value and that in the event that the Council were able to come to such an agreement it would be on the basis that there be no further actions or claims by either HTHL, HTH Finance Ltd or the Council against each other. Depending on the detail of the arrangement with HTHL and HTH Finance Ltd it may be necessary to seek approval of some elements of the agreement from the Cabinet Sub-Committee (Council Charities).
- 8.4 Given the choice between spending funds from capital reserves to physically separate the building and have no additional asset value or revenue income stream to show for that expenditure or spending a similar amount to acquire 14/15 Brand Street, have an increased asset value on the books and generate additional revenue income per annum from the additional space, it would represent better value for council taxpayer's money to pursue acquisition.

## **9. LEGAL IMPLICATIONS**

- 9.1 The general power of competence contained within the Localism Act 2011 came into force on 18<sup>th</sup> February 2012 and effectively replaced the previous wellbeing powers. The statutory General Power of Competence gives a local authority the power to do "anything that individuals generally may do". Section 1 (4) of the same Act confirms that using such power the local authority may do so for the benefit of the Authority, its area or persons resident in the area.
- 9.2 The Authority has power under Section 1.4.4 of the Local Government Act 1972 to provide or encourage any other person or body to provide, facilities to encourage visitors, for conferences, trade fairs and exhibitions or improve or encourage any other person or body to do so for any existing facilities. It has powers under Section 1.9 of the Local Government (Miscellaneous Provisions) Act 1976 to provide recreational facilities, buildings, equipment to the extent that these do not cover the current proposals that the general Power of Competence referred to in section 9.1 can be relied upon.
- 9.3 The Council is currently in an ongoing contractual dispute with Hitchin Town Hall Ltd in respect of the project and a number of statutory demands have been lodged with Hitchin Town Hall Ltd seeking payment of monies owed to the Council. In the event of agreement being reached for the purchase of 14/15 Brand Street from HTHL to enable them to repay their debt to HTH Finance Ltd, it is almost inevitable that these sums will have to be written off. However any agreement for purchase will include that there will be no legal claims brought by either party against the other, thereby avoiding potentially protracted (and therefore expensive) litigation.
- 9.4 Paragraph 5.6.20 of the Council's Constitution provides that Cabinet's terms of reference include "to approve the purchase or appropriation of land and buildings where the sale price...exceeds £250,000 and does not exceed £2,500,000."

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Prior to consideration of the developments described in the body of the report the Council's total capital expenditure on this project stood at £5.329m of which £0.874m is funded by the contribution from the Heritage Lottery Fund towards the fit out of the Museum. A chronology of the reported movement in the project expenditure and funding is attached as Appendix A.



- 10.2 Provision was made within the identified financial risks for the financial year 2016/17 for the potential necessity to write off the loan made to HTH Ltd for legal fees.
- 10.3 A decision not to acquire 14/15 Brand Street would provide a compromised offer to the public and would restrict the full income generation prospects of the building. As it seems possible to acquire 14/15 Brand Street for a similar amount to the cost of the most operationally desirable separation works, resulting in the Council owning a building with service provision as originally envisaged and with greater income generation opportunities, this would seem to offer better value for money to Council tax-payers. The Council would also have a property with an enhanced asset value.
- 10.4 The Council's external auditor has been kept aware of negotiations as they have progressed.

## **11. RISK IMPLICATIONS**

- 11.1 The risk implications arising from this report are largely:
- Financial – further delay in opening or not being able to open the facility or prevent achievement in the forecasted income, failure to obtain best return from the existing capital investment and would mean that existing museum staff may not be fully utilised. The operation of the town hall may also be compromised because of the difficulties in access (particularly to the first floor) to staff and members of the public.
  - Operational – uncertainty concerning opening preventing marketing and booking of visiting exhibitions.
- 11.2 The North Hertfordshire Museum and Hitchin Town Hall Project is a corporate risk and this is monitored through the Finance Audit and Risk Committee. In addition there is a detailed project risk log that is monitored and discussed by project board.
- 11.3 Failure to reach agreement with HTHL is likely to result in litigation brought by either the Council, or HTHL, or both. Such litigation is likely to be complex, protracted and expensive and would divert Council resources away from undertaking other activities.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 The Equality Act 2010 came into force on the 1<sup>st</sup> October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5<sup>th</sup> April 2011. There is a General duty, described in 12.2 that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 The proposals made in this report do not in themselves alter the overall project design as previously reported, but seek to ensure that in ensuring momentum to the existing contracts etc, a facility to meet the needs of all communities in North Herts can be completed and brought into community use. The report also suggests consideration of management arrangements for the facility which will be subject to the Public Sector Equality Duty. With or without the footprint of 14/15 Brand Street the new facility will

enhance the experience for all visitors, including those with disabilities, although it is accepted that the building as originally designed with the footprint of 14/15 Brand Street would provide the optimum solution.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 As the recommendations made in this report do not yet constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12. Any individual award of a public service contract which may arise following subsequent review of the Council's operation of the hall over the next two/three years will be evaluated in terms of its social value through the Council's agreed procurement processes.

### **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 The Human Resources implications arising from this report are associated with the significant additional workload on the Senior Officers and Project Team Members and the need to recruit, train and manage a staff team to operate the Town Hall. This is currently mitigated by the reallocation of resources from less time sensitive projects but this situation cannot be sustained over a long period.
- 14.2 The demands of this project have required the temporary transfer of Senior Managers and Project Support staff to the Hitchin Town Hall project to develop alternative options and to minimise risk. The additional time having to be committed to this project including that of Chief Officers has created pressures and delays on other important work programmes elsewhere.
- 14.3 The approach agreed by Council in July 2015 provided additional management resources. These resources once fully in place will help manage the additional workload described above.
- 14.4 The Museum staff have been through a restructure and formal consultation process that included staff working at the Town Hall as well as the Museum. The current uncertainty will be of concern and communications with staff to update them on the latest position will follow.

### **15. APPENDICES**

Appendix A – Reported Project Expenditure and funding

### **16. CONTACT OFFICERS**

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**17. BACKGROUND PAPERS**

Project history and reports at:

<https://www.north-herts.gov.uk/home/museums/north-hertfordshire-museum-and-hitchin-town-hall/hitchin-town-hall-museum-proposals>

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**North Hertfordshire Museum and Community Facility**

**Reported Movements in Projected Expenditure and Funding**

Date	Meeting	Reason for reporting	Project Total		Council Funding			HTH Ltd Funding			
			Total Reported Project Cost £	Budget in Capital NHDC programme* £	NHDC Funding (including S106) £	HLF Funding £	TOTAL NHDC £	Development Agreement Construction Cost Contribution £	14 & 15 Brand Street Kitchen Fit-Out £	Purchases £	Total HTH Funding £
15/10/12	Council	Adopting Community partnership scheme	4,530,000	4,230,000	2,726,000	954,000	3,680,000	490,000	60,000	300,000	850,000
23/04/13	Council	Inclusion of 15 Brand Street – £100k increase in costs to NHDC, additional £180k HTH	4,810,000	4,330,000	2,826,000	954,000	3,780,000	490,000	60,000	480,000	1,030,000
08/08/13	Council	***** Consider a request for a further “guarantee” by Hitchin Town Hall Ltd (HTH Ltd)	4,820,000	4,330,000	2,826,000	954,000	3,780,000	490,000	60,000	490,000	1,040,000
10/12/13	Cabinet	Inclusion of pre project costs.**** Also updated expected funding from HLF following the 1st stage award.	5,055,000	4,575,000	3,175,000	850,000	4,025,000	490,000	60,000	480,000	1,030,000
24/06/14	Cabinet	Increase in construction costs of £110k.	5,165,000	4,685,000	3,285,000	850,000	4,135,000	490,000	60,000	480,000	1,030,000
27/01/15	Cabinet	***Increase in construction costs of £292k. Reflect 2nd stage award of HLF.	5,517,000	4,977,000	3,613,396	873,604	4,487,000	490,000	60,000	480,000	1,030,000
		**Reflect £30k revenue funding approved by Corporate Board for clerk of works in Capital Project Budget.	5,547,000	5,007,000	3,643,396	873,604	4,517,000	490,000	60,000	480,000	1,030,000
10/03/15	Council	Additional budget of £30,000 to remove moisture from the basement & Council to make £490k payment to Borrás if HTH Ltd fail to do so	5,577,000	5,037,000	4,163,396	873,604	5,037,000	0	60,000	480,000	540,000
16/07/15	Council	Approve maximum of £138k cost of HTH & Café fit out	5,655,000	5,175,000	4,301,396	873,604	5,175,000	0	0	480,000	480,000
16/05/16	Council	Increase in fit out works of £154,000	5,809,400	5,329,400	4,455,796	873,604	5,329,400	0	0	480,000	480,000

\* The Budget in the NHDC capital programme does not include the purchase of 14 and 15 Brand Street since these transactions are a HTH Ltd responsibility.

\*\* Revenue funding of £30k approved by Corporate Board separately bringing the total budget to £5,007,000.

\*\*\* HTH Ltd reported contribution to NHDC capital programme expenditure revised to reflect construction cost contribution of £490,000 only. Kitchen-fit out transactions the responsibility of HTH Ltd.

\*\*\*\* A total of £245,000 of costs incurred prior to the construction contract was reported to Cabinet in December 2013.

\*\*\*\*\* The total project cost was £10,000 higher when reported in August 2013. The variation was due to uncertainty around the cost to HTH Ltd of the purchase of 15 Brand Street.

\*\*\*\*\* Based on the assessment of HTH Ltd's financial standing outlined within the report to Council, anticipated that HTH Ltd would not be in a position to make the £60k expenditure outlay for the kitchen fit-out.

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