CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES' SHAREHOLDER)
TUESDAY, 22 SEPTEMBER 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: Annual Review of North Herts' Trading Companies - Broadwater Hundred

REPORT OF: Director - Resources

EXECUTIVE MEMBER: Executive Member - Enterprise

COUNCIL PRIORITY: All Priorities;

1. EXECUTIVE SUMMARY

To provide the Sub-Committee with a report upon Local Authority Trading Companies (LATCos)in which North Herts Council has a role, to enable the Sub-Committee to fulfil its role as shareholder. The LATCo in this report covers the Broadwater Hundred Companies (Broadwater Hundred Limited and Broadwater Hundred Property Management Limited). The Council is the only shareholder in both companies. The current role of the Companies is to facilitate the letting of 4 flats in Hitchin (developed from the former Careline Office in Harkness Court). The committee is also requested to consider any information they wish to be included in future reports.

2. RECOMMENDATIONS

2.1. That the Cabinet sub-committee note this report.

2.2. That the Cabinet sub-committee make any recommendations on the content of future reports and annual reviews.

3. REASONS FOR RECOMMENDATIONS

3.1. To enable the Cabinet Sub-Committee to fulfil its role and responsibilities as shareholder in the Broadwater Hundred local authority trading companies.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 No alternative options were considered as an annual report is considered best practice.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 As required by the Council’s Constitution and the Shareholders Agreement, the Cabinet Sub-Committee are presented reports for Shareholder decisions. The Executive Member for Enterprise will also be briefed on the performance and key aspects of the trading companies.

6. FORWARD PLAN

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

7. BACKGROUND

7.1 This report follows the guidance within the Local Partnerships publication 'Local Authority Company Review Guidance 2023 Edition'. This states it is important for all councils who own trading companies to keep a watching brief and make any necessary adjustments.

7.2 The initial scope of the Council considering having a property company was broad, and considered whether there would be opportunities to buy or develop property for rental. The focus was on the North Herts area, and investigations concluded that there was not sufficient profitability in the local area. Also, following some other Councils over-investing in property, the rules around the Council funding of investment assets were significantly tightened.

7.3 It was established that there would be a viable business case for the Council to convert the Harkness Court property in Hitchin (formerly used as a Careline's office) in to 4 flats and let those through a company. The legal advice was that the structure should take the form of a holding company and a property management company. Broadwater Hundred Ltd (the holding company) was incorporated in May 2020, initially to provide a service delivery vehicle in case of contractor failure during the Covid-19 pandemic. It was never used for that purpose. The property management company (Broadwater Hundred Property Management Limited) was incorporated in October 2023. The Council is the only shareholders for these companies.

7.4 The Harkness Court Offices were let by the Council to the holding company in late August 2024, with an onward let from the holding company to the property management company. The property management company then use a managing agent to let the properties to tenants. Each company makes a margin to cover costs and a reasonable level of profit. There are cashflow loans in place from the Council to the holding company, and in turn from the holding company to the property company.

7.6 The Companies produced their first accounts for the period April 2024 to March 2025. This was only a part year of trading as the property management company only took responsibility of the flats as of 27 August 2024.

7.7. The Council is represented by the Director: Resources as the Shareholder representative. The Directors of the holding company are the Director: Enterprise and the Director: Regulatory. The Directors of the property management company are the Director: Customers and the Enterprise Manager. There are no Independent Directors on either Board.

8. RELEVANT CONSIDERATIONS

8.1 The accounts for the holding company for the year to 31st March 2025 show a turnover of £1,500 (management fee from the property management company) and year end retained earnings of –(MINUS) £3,253. The company was supported by a loan of £20,000 from the Council. This position was mainly driven by set-up costs and then only a partial year of trading.

8.2 The accounts for the property management company for the year to 31st March 2025 show a turnover of £31,100 (income from property lettings) and year end retained earnings of –(MINUS) £5,293. The company was supported by a loan of £12,000 from the holding company. This position was affected by set-up costs and then only a partial year of trading. As the company had the right to use the property for lettings, it had a fixed asset value £129,784. This was off-set by lease payments due.

8.3 The unpublished accounts for the holding company for the year to 31st March 2026 show a turnover of £3,000 (full year versus part year), an in-year loss of £1,961, and year end retained earnings of –(MINUS) £5,214. This included some costs for Director training and some remaining set-up costs. The £20,000 loan remained in place.

8.4 The unpublished accounts for the property management company for the year to 31st March 2026 show a turnover of £46,999 (income from property lettings), and in-year profit of £4,219 and an improved year end retained earnings of –(MINUS) £1,075. The £12,000 loan from the holding company remained in place. This in-year position was included some training costs. Lettings performance over the year was good, but there were still void, re-letting and repair costs.

9. LEGAL IMPLICATIONS

9.1 Under 5.12 of the Council's Constitution the roles and functions of the Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder) are listed, including at 5.12.4(a) "[t]o represent the Council's interests as shareholder in wholly owned and other Companies".

10. FINANCIAL IMPLICATIONS

10.1. The financial position of the companies is summarised in section 8. The loan to the holding company (from the Council) is at a market rate, and can be repaid when it is affordable for the company to do so. The onward loan from the holding company to the property management company is also at a market rate.

11. RISK IMPLICATIONS

11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

11.2. There is always risk in operating in a commercial environment. The Directors of the company are expected to make decisions to manage those risks and react to trading conditions. Where decisions require shareholder approval then these will be reported to the sub-committee for a decision. These annual reviews/ update reports provide the sub-committee with an awareness of the opportunities and risks that are facing the companies.

11.3 The most significant risks facing the Council in relation to any Company failure would be:

- Reputational impacts.
- The loss on the unpaid loan, although the value is not significant to the Council.

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 from this report.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

14.1 There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no HR implications arising from this report.

16. APPENDICES

16.1. None

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 None