



Northumberland

County Council

COUNCIL

7 July 2021

Northumberland Enterprise Holdings Ltd – Shareholder Capital

Report of Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Glen Sanderson, Leader of the County Council and Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

1. Purpose of report

- 1.1. The purpose of this report is to authorise the purchase of share capital in Northumberland Enterprise Holdings Ltd (“NEHL”) and to effect the associated funding approvals.

2. Recommendations

- 2.1 Members are requested to:
 - a. note the report.
 - b. approve the purchase by the Council of share capital in NEHL totalling £300,000
 - c. approve the addition of £300,000 to the Capital Programme to fund the share purchase, to be funded from the earmarked reserve created for this purpose.

3. Link to Corporate Plan

- 3.1 This report is relevant to the “Thriving” priority included in the NCC Corporate Plan 2018-2021

4. Background

4.1 Northumberland Enterprise Holdings Ltd

- 4.1.1 In February 2020 Cabinet gave approval to establish a group holding of limited companies initially with a view to creating up to 10 limited companies which would support general commercial trading activities and also care trading activities, to be operational as and when the objectives of a company are determined.
- 4.1.2 Northumberland Enterprise Holdings Limited (NEHL) was established and registered at Companies House on 17th September 2020 with a single Ordinary share of £1. Its registered office is County Hall.

- 4.1.3 The Articles of Association of the company were extensively drafted and tailored to the requirements for extra control to be reserved to the Council as shareholder than as otherwise would have been the case under Model articles.
- 4.1.4 The Chief Executive / Head of Paid Service was the Council's appointed Controlling Shareholder's Representative to the group but following a review of potential conflict of interest, it was agreed that the Controlling Shareholder's Representative role should be undertaken by the Executive Director of HR/OD and Deputy Chief Executive.
- 4.1.5 Following a Report of the s151 Officer on 8th June 2021 [Financial Performance 2020-21 – Provisional Outturn 2020-21] Cabinet approved the creation of a reserve fund of £300,000 to provide start-up funding for NEHL and its subsidiaries.
- 4.1.6 Consideration has been given by the section 151 Officer as to how the £300,000 is to be introduced, whether by equity investment or loan, taking care to consider capitalisation issues, ability to service debt and interest repayments, and level of funding above which there would be Subsidy Control (formerly known as "State Aid") implications.
- 4.1.7 The S151 Officer's advice is that the most effective funding route would be via an equity investment. If approved this will be effected via the allotment of 299,999 Ordinary shares of £1 each to the Council, bringing the total investment to 300,000 Ordinary shares of £1 each. This will require prior Shareholder consent as a Reserved Matter under NEHL's Articles and the passing of an Ordinary Resolution of the Company by operation of s.551(1) of the Companies Act 2006. As the approval of reserved matters is an executive function, this will be subject to a separate report to Cabinet.
- 4.1.8 Council is asked to approve the purchase by the Council of share capital in NEHL and the addition of £300,000 to the capital programme for this purpose, to be funded from the earmarked reserve approved by Cabinet at its meeting on 8th June 2021.

5. Implications

Policy	Accords with the corporate plan – Thriving
Finance and value for money	The report is of a financial nature and the detail contained within the body of the report
Legal	The companies have already been incorporated.
Procurement	There are no specific procurement implications within this report.

Human Resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No x <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	There are no specific equalities implications within this report.
Risk Assessment	Individual company risk assessments to be completed as part of the programme management process for each business case
Crime & Disorder	There are no specific crime & disorder implications within this report
Customer Consideration	There are no specific customer consideration implications within this report
Carbon reduction	There are no specific carbon reduction implications within this report
Health and Wellbeing	There are no specific health and wellbeing implications within this report
Wards	All

Background papers:

1: Cabinet Paper 11 February 2020 - Proposed Incorporation – Group Holding Company for Northumberland County Council

2: Cabinet Paper 8 June 2021 - Financial Performance 2020-21 – Provisional Outturn 2020-21

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Neil Masson
Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive	Daljit Lally
Portfolio Holder(s)	Richard Wearmouth

Author and Contact Details

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