

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>CABINET MEMBER DECISION</b></p> <p align="center"><b>DECEMBER 2014</b></p>
<p><b>APPOINTMENT OF DIRECTOR TO H&amp;F DEVELOPMENT LIMITED</b></p>	
<p><b>Report of the Cabinet Member for Housing, Councillor Lisa Homan</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification</b> - For Decision  <b>Key Decision:</b> No</p>	
<p><b>Wards Affected:</b> None</p>	
<p><b>Accountable Executive Director:</b> Melbourne Barrett, Executive Director Housing &amp; Regeneration</p>	
<p><b>Report Author:</b> John Higgins  Head of Housing Financial Strategy and Investment</p>	<p><b>Contact Details:</b>  Tel: 020 8753 6997  E-mail:  <a href="mailto:john.higgins@lbhf.gov.uk">john.higgins@lbhf.gov.uk</a></p>

AUTHORISED BY: .....

The Cabinet Member has signed this report.

DATE: 19 December 2014.....

**1. EXECUTIVE SUMMARY**

- 1.1. The Council has a wholly owned subsidiary company, H&F Housing Development Limited (HFD or the Company) that was originally set up to deliver the Discount Market Sale programme. Only one scheme was completed through the subsidiary before changes in regulations and legislation meant the remainder of the programme could be delivered directly by the Council.
- 1.2. The company has only one director, Melbourne Barrett, Executive Director of Housing and Regeneration, following the removal of its other director, Andrew Johnson by the Council as the Shareholder in accordance with the rules of the Company. This report seeks authority to appoint a second director. This is required so a quorate Board meeting can be held to

enable the Company to approve the latest set of accounts and transfer the remaining assets in the company to the Council prior to the company becoming dormant.

## **2. RECOMMENDATIONS**

- 2.1. To approve the appointment of Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration Department, as Director of H&F Housing Development Limited.

## **3. REASONS FOR DECISION**

- 3.1. Following the removal of Mr Johnson, former Cabinet Member for Housing under the previous administration, as a Director, H&F Housing Development Limited only has one appointed director and consequently the board is inquorate and therefore cannot make any further decisions until a second director is appointed.
- 3.2. H&F Housing Development Limited's current order of business is the approval of the latest audited accounts and the orderly wind down and transfer of assets to the Council before becoming dormant, all of which require board approval.

## **4. BACKGROUND**

- 4.1. In April 2011, Cabinet approved the establishment of a local housing development company structure to allow the Council to generate and retain development surplus through the development of new housing on Council land. This created a major opportunity for the Council to deliver housing and regeneration outcomes using its own land, under its own leadership.
- 4.2. This involved creation of an arm's length development company - H&F Housing Developments Limited (HFD) to build homes directly. HFD is supported by a charitable company to ensure tax efficiency for its income. The Council received external legal advice at the time and the key considerations for the Council in selecting the structure were centred around vires, tax efficiency and control, particularly in relation to development of private for sale housing. Both HFD and the charitable company have been registered at Companies House. HFD has undertaken the development and sale of two flats at Becklow Gardens Estate and secured planning permission for several other sites.
- 4.3. However, further to the freedoms and flexibilities introduced by the Localism Act 2011 and the Housing Revenue Account Reform - together with the Council's adopted Housing Strategy (2012) - further legal and financial advice in 2013 confirmed that it was appropriate that the housing

development programme can be undertaken directly by the Council, without the need to utilise the Council's arm's length special purpose vehicle arrangements that have previously been put in place. And therefore a decision was taken in June 2013 to continue development activity directly through in the Council and therefore the two companies have remained effectively dormant since then.

- 4.4. As the company is no longer required to carry out a development programme a board resolution is required to enable all retained assets to be transferred to the Council and to approve the accounts prior to the company becoming dormant.
- 4.5. Following the removal of the former Administration's Cabinet Member for Housing, Andrew Johnson, as a Director, by the Council as the Shareholder in accordance with the rules of the Company, the company only has one director and consequently is unable, under its Articles of Association, to carry out any further business until it has two directors and can hold a quorate Board meeting. Therefore an additional Director is required to enable the accounts to be approved and the assets to be transferred to the Council.
- 4.6. Once approved the directors for H&F Developments Limited will be:

Melbourne Barrett, Executive Director Housing & Regeneration  
Kathleen Corbett, Director of Finance & Resources, Housing & Regeneration

## **5. EQUALITY IMPLICATIONS**

- 5.1. There are no equality implications in this decision

## **6. LEGAL IMPLICATIONS**

- 6.1. *This section should include the legal power relevant to the proposal must be set out together with any future possible legal implications. [This is where LBH&F officers will insert the comments of the Director of Law.]*
- 6.2. Implications verified/completed by: (Janette Mullins  
Principal Solicitor (Housing and Litigation) | Bi Borough Legal Services,  
Tel: 020 8753 2744)

## **7. FINANCIAL AND RESOURCES IMPLICATIONS**

- 7.1. There are no financial implications arising from this decisions
- 7.2. Implications verified/completed by: (John Higgins, Interim Head of Housing Financial Strategy & Investment Tel: 020 8753 6997)

## **8. RISK MANAGEMENT**

- 8.1. Appointing the director addresses the risk of having a subsidiary unable to conduct business including its responsibilities to file returns with Companies House.
- 8.2. Implications verified/completed by: (Michael Sloniowski, 020 8753 2587)

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	None.		