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| REPORT TO: | Cllr R Grocock, Portfolio Holder for Assets & Planning (and Welland Homes Shareholder Representative) |
| REPORT OF: | Matthew Hogan, Assistant Director - Strategic Growth and Development |
| REPORT AUTHOR: | Caroline Hannon, Head of Delivery |
| SUBJECT: | Dividend or charitable donation payment by Welland Homes |
| PURPOSE: | To endorse the decision of Welland Homes Board to make charitable donations in accordance with the Company's Dividend and Charitable Donation Policy. |
| KEY DECISION: | Yes |
| WARD(S) AFFECTED: | All Wards |
| EXEMPT REPORT? | No |

SUMMARY

Welland Homes Board has decided to make charitable donations to local charities rather than a dividend payment to the company's shareholder in line with the company's Dividend and Charitable Donations Policy.

Such payments require the approval of the Welland Homes Shareholder Representative in accordance with the Company's Articles.

The donations will be paid to Citizens Advice South Lincolnshire and Lincolnshire Community & Voluntary Service. The one-off donations to the charities are in lieu of SHDC General Fund grant payments which the authority would otherwise pay to the charities during 2023/24.

RECOMMENDATIONS

- 1) That the decision of Welland Homes Board to make charitable donations in accordance with the Welland Homes Dividend and Charitable Donations Policy, is approved.
- 2) That the following charitable donations are made:
£83,960 to Citizens Advice South Lincolnshire
£31,000 to Lincolnshire Community & Voluntary Service.
- 3) That the necessary Shareholder resolution be passed.

REASONS FOR RECOMMENDATIONS

The charities are providing services to residents in the district, which support the authority's corporate priorities.

The Company's principal objectives relate both to the provision of much needed, good quality housing, and also to providing a financial benefit to the Council's General Fund. Approving the Company's proposed charitable donations will meet the latter objective.

The Company's Dividend and Charitable Donations Policy requires the shareholder to approve the payment of the charitable donations (in accordance with the Company's articles of association).

Endorsing the decision of Welland Homes Board will enable Welland Homes to make charitable donations to the proposed beneficiaries. This will eliminate the need for SHDC to support those beneficiaries during 2023/24, which will provide a financial benefit to the General Fund.

OTHER OPTIONS CONSIDERED

Not to approve the decision of Welland Homes Board, in which case the proposed one-off charitable donations will not be made.

1. BACKGROUND

- 1.1 Welland Homes (the Company) was incorporated in 2015. South Holland District Council wholly owns the Company and is the sole shareholder.
- 1.2 The Company was established with the following principal objectives:
 - To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy;
 - To act as a stimulus for change to improve the quality of rented sector accommodation across the district;
 - To set standards for good housing design in the local housing market, helping to protect the character of the district; and
 - To generate general fund income for the Council through returns from Private Rented Sector housing and sales receipts from market housing sales and affordable homes.
- 1.3 The company currently has 39 high quality homes in its ownership. Due to the continued success of the Company, it is currently forecasted that by 31st March 2023 the Company will be able to distribute over £100,000, in accordance with the Company's Dividend and Charitable Donations Policy.
- 1.4 A Dividend and Charitable Donations Policy was approved by the board of the Company on 15th January 2021. A subsequent decision of the shareholder to endorse the policy (approval via a decision of Portfolio Holder – Assets and Planning; the Welland Homes shareholder representative) became effective from 4th February 2021.
- 1.5 The Policy indicates that the Company Directors will seek to maximise the financial position of the Company in order to generate a financial benefit to the General Fund of South Holland District Council. The Company will either elect to make charitable donations or pay

a dividend to the sole shareholder. Any dividend payment or charitable donations will be made in accordance with the Company articles of association.

2. REPORT

- 2.1 The Leader of South Holland District Council in consultation with the Deputy Chief Executive (Corporate Development) and S151, has indicated that the shareholder would prefer that a charitable donation which will benefit the General Fund, is paid, rather than a dividend payment to the shareholder.
- 2.2 On 31st January 2023, the Welland Homes Board considered the potential beneficiaries and agreed, subject to shareholder approval, to make charitable donations to Citizens Advice South Lincolnshire and Lincolnshire Community & Voluntary Service.
- 2.3 On 9th March 2023, Welland Homes board also agreed, subject to shareholder approval, to make the following one off charitable donations:
 - i. payment of £83,960 to Citizens Advice South Lincolnshire
 - ii. payment of £31,000 to Lincolnshire Community & Voluntary Service.
- 2.4 The payments will be made to the charitable organisations by 31st March 2023.
- 2.5 The proposed beneficiaries provide services to residents in South Holland which support the authority's corporate priorities, as set out below.

Citizens Advice South Lincolnshire (CASL)

CASL provide free, independent, confidential and impartial advice on rights and responsibilities. Support is given on a range of matters including consumer matters; money advice; welfare support; employment; housing; and family and personal matters.

Lincolnshire Community Voluntary Services (LCVS)

LCVS enable individuals and groups to make a real difference in building stronger and sustainable communities through community engagement and promoting and supporting volunteering. This includes supporting community and voluntary organisations to recruit and train volunteers; provide advice on governance; and support to access funding.

3. CONCLUSION

- 3.1 Welland Homes will make one-off charitable donations of £114,960 comprising £83,960 to Citizens Advice South Lincolnshire and £31,000 Lincolnshire Community & Voluntary Service.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 4.1 The one-off charitable donations from Welland Homes will be in lieu of grant payments from SHDC's General Fund during 2023/24.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

- 5.1.1 None

5.2 CORPORATE PRIORITIES

- 5.2.1 The Company was established to support a corporate priority of delivering safer, stronger, healthier and more independent communities. Since its incorporation, the Company has delivered 39 new high quality rental properties in the district.
- 5.2.2 The Company continues to support the authority to meet the priority in the Corporate Plan 2019-2023 to deliver new homes for residents and provide a dividend to the Council through Welland Homes housing company.
- 5.2.3 The payment of charitable donations to these charities will support the 'Your Home' and 'Your Health & Wellbeing' priorities in the Corporate Plan 2019-2023.
- 5.2.4 The payment of charitable donations will support the priority of providing the right services, at the right time and in the right way, by supporting two important charities in our area without reliance on General Fund monies.

5.3 STAFFING

- 5.3.1 None

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

- 5.4.1 Shareholder approval is required for any charitable donations as per the Company's articles of association and Dividend and Charitable Donations Policy. Without shareholder approval, the company will not be able to make the donation. The shareholder decision is an executive function which can be made by the Cabinet or the Portfolio Holder.

5.5 DATA PROTECTION

- 5.5.1 None

5.6 FINANCIAL

- 5.6.1 The one-off charitable donations will be in accordance with the Company's Dividend and Charitable Donations Policy which was approved by the shareholder on 4th February 2021. Accordingly, once the charitable donations have been paid, the Company will still have an appropriate level of cash funds available to complete business-as-usual.
- 5.6.2 The Deputy Chief Executive – Corporate Developments (S151 Officer) has identified both Citizens Advice South Lincolnshire and Lincolnshire Community Voluntary Service as charitable organisations who could benefit from a charitable donation. The one-off donations will remove a financial commitment from the General Fund during 2023/24.
- 5.6.3 The Shareholder and Company Directors recognise that in donating the company's profits to local charities, the company is not retaining its surplus to meet the cost of component replacements (boilers/windows/kitchens/bathrooms) which will become due in the future. The first component replacements are not forecast to be due until approximately 2032/33. Both the shareholder and Company Directors recognise that, in the future, a funding strategy will need to be prepared which could include the Shareholder providing additional loans to the company or purchasing additional shares in the company. Alternatively, the company could sell properties to fund the cost of component replacements.

5.7 RISK MANAGEMENT

- 5.7.1 None

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

5.8.1 The proposed beneficiaries have been consulted regarding the payment of a charitable donation by Welland Homes, in lieu of a grant from SHDC General Fund.

5.8.2 The payment will be made to the charities by 31st March 2023.

5.9 REPUTATION

5.9.1 The payment of a charitable donation from a SHDC owned company, should have a positive impact on the reputation of the authority.

5.10 CONTRACTS

5.10.1 None

5.11 CRIME AND DISORDER

5.11.1 None

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 None

5.13 HEALTH AND WELL BEING

5.13.1 None

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None

5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

| MISSIONS | |
|---|---|
| This paper contributes to the follow Missions outlined in the Government's Levelling Up White paper. | |
| Housing | By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas. |

6. ACRONYMS

6.1 SHDC – South Holland District Council

APPENDICES

None

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

| REPORT APPROVAL | |
|---------------------------|---|
| Report author: | Caroline Hannon Caroline.Hannon@sholland.gov.uk |
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| Approved for publication: | Portfolio Holder for Assets & Planning |