

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 20 APRIL 2023

**TITLE:** REFERRAL FROM HTS BOARD – APPROVAL OF STATUTORY ACCOUNTS

**LEAD OFFICER:** SIMON FREEMAN, DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF FINANCE (01279) 446228

**RECOMMENDED that:**

- A** The Sub Committee note the HTS Group Ltd Audited Statutory Accounts attached as Appendix A to the report.

**BACKGROUND**

1. HTS Group Ltd.'s Statement of Accounts is a statutory document that provides information on the transactions relating to the provision of services by the Council owned company.
2. As part of the Sub Committee's scrutiny role there is a requirement for the Sub Committee to ensure they receive final audited accounts for noting and comment. The approval of statutory accounts, however, remain with the Board under the agreed delegations matrix.
3. The HTS Board approved the Statutory Accounts for 2021/22 at their meeting on 8 August 2022, and these have been aligned the Council's accountancy reporting.
4. For the year ended 31 March 2022 year end, the group reported a consolidated profit before tax of £100,431 (2021 comparison: loss of £86,893). The profit was subject to the corporation tax charge of £29,266 with the reported profit after tax of £71,165.
5. HTS (Property & Environment) Limited, the main group subsidiary, reported a profit before tax of £31,015 (2021 comparison: loss of £8,699):
  - a) The entity reported an increase in revenues - this was mainly due to the carryover from the previous year of capital and maintenance contracts caused by the Covid 19 pandemic.
  - b) ASC uplift for the year was limited to 3% (£561,966) in comparison to the real inflationary cost increases across the board to include materials, subcontractors, agency costs, and salaries (additional spend of £1,799,195 in comparison to prior year). HTS had fully delivered both, housing and non-housing budgets, with all contractual KPIs

achieved.

- c) ASC contract closed the year with a net loss of £438,000, which was offset by the profits achieved within capital works projects and third-party income streams.
  - d) On top of the £250,000 HRA annual rebate, at the year end, additional £500,000 was paid out to the client as the 21/22 ACS rebate and management charges.
6. HTS (Housing & Regeneration) Limited, the property investment company of the group, reported a year end profit before tax of £69,629 (2021 comparison: loss of £77,640):
- a) Operating profit from 5 rental properties was £27,806, with property management function carried out by HTS.
  - b) The total finance costs for the year of £40,265 were repaid to the shareholder, as per the loan arrangements in place.
  - c) The 2022 yearend revaluation of properties gave rise to the investment gain of £81,875, raising the total value of the properties to £1,463,500.

## **IMPLICATIONS**

### **Strategic Growth and Regeneration**

None Specific.

**Author: Andrew Bramidge, Chief Executive**

### **Finance**

As contained in the report.

**Author: Simon Freeman, Deputy Chief Executive and Director of Finance**

### **Housing**

None Specific.

**Author: Andrew Murray, Director of Housing**

### **Communities and Environment**

None Specific.

**Author: Jane Greer, Director of Communities and Environment**

### **Governance and Corporate Services**

The decision accords with the revised terms of reference approved by Cabinet in December 2018.

**Author: Simon Hill, Director of Governance and Corporate Services**

## **Appendices**

Appendix A – HTS Group Limited Accounts year end 31.03.2022

Appendix B – HTS (P&E) Limited Accounts year end 31.03.2022

Appendix C – HTS (H&R) Limited Accounts year end 31.03.2022

Appendix D – HTS Group Board minutes – 08.08.2022

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

None.