

## Report to Cabinet

Cabinet Meeting 23 January 2020

By Tricia Youtan, Cabinet Member for Community and Wellbeing

### DECISION REQUIRED



Not Exempt

## Appointment of Auditors for Horsham District Homes Ltd and Horsham District Homes (Holdings) Ltd

### Executive Summary

On 21 March 2019, Cabinet approved the creation of two companies for the purpose of providing affordable rental housing in the District. The two companies have now been incorporated. Horsham District Homes (HDH) is the housing development company and Horsham District Homes (Holdings) (HDH(H)) is the management and holding company for the completed properties.

Horsham District Council is the sole shareholder of HDH. The shareholder agreement for HDH reserves certain matters for Cabinet approval, including appointing and changing the company's auditors. This report seeks approval for the appointment of the company's auditors.

### Recommendations

That the Cabinet is recommended:

- i) To approve the appointment of Richard Place Dobson as the auditors of Horsham District Homes and Horsham District Homes (Holdings).

### Reasons for Recommendations

To comply with The Companies Act 2006 Part 16 - Audit.

### Background Papers

Business case

**Wards affected:** All

**Contact:** Samantha Wells; Corporate Accountant 01403 215309

NB Samantha Wells has been appointed by the Council as a Director of HDH and HDH(H)

## **Background Information**

### **1 Introduction and Background**

- 1.1 Horsham District Homes Limited (HDH) is a company owned and controlled by Horsham District Council, which has been established for the purpose of delivering affordable rented accommodation in Horsham District. The objectives of the company are to (a) increase delivery of affordable housing (b) make the best use of s106 Commuted Sums and (c) provide a financial return to the Council to reinvest in the District.
- 1.2 The Shareholders Agreement for HDH set out a number of shareholder consents, which are used to control the activities of HDH. These consents include appointing and changing the company's auditors.
- 1.3 The directors of HDH and HDH (H) are seeking Cabinet approval to appoint Richard Place Dobson, an accountancy practice based in central Crawley, as auditors of the companies.

### **2 Relevant Council policy**

- 2.1 The 2019 to 2023 draft Corporate Plan sets out the Council's strategic objectives and includes creating great places for people to live and work and creating a strong safe and healthy community. Paragraph 3.2.2 of the corporate plan states the objective of using the Council's affordable housing company to build affordable homes in areas of high demand.

### **3 Details**

- 3.1 Following the incorporation of HDH in August 2019 and HDH(H) in December 2019 the companies are required to file annual accounts with Companies House. Whilst the Companies assets and turnover are small enough to qualify for Small Medium Enterprises (SME) audit exemption, the companies are wholly owned by the Council and the 'body corporate' includes the assets and turnover of the Council. Therefore the accounts of both subsidiary companies account require auditing by an external auditor.
- 3.2 The Directors of the companies have approached three local audit firms to obtain quotes for the work. All three firms provided quality quotes and confirmed that they were available during the months that fit in with the Council's accounts preparation and annual audit.
- 3.3 Richard Place Dobson have been recommended due to their competitive quote and their experience working with housing associations and property companies and not-for-profit organisations. They also have experience of working with the Council's external auditors EY.

### **4 Next Steps**

- 4.1 Following the appointment, the Directors will liaise with the external auditor in preparation for the audit of HDH's first accounts for the period 26 August 2019 to 31

