

REPORT TO COUNCIL

Date of Meeting: 10 June 2025

Report of: Strategic Director for Corporate Services

Title: Update of Exeter City Council's Companies, Alternative Delivery Models and Charities.

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report provides Members with the following:

1.1 An update on companies, alternative delivery models and charities connected with or controlled by Exeter City Council so that Members are aware of their activities and financial performance;

2. Recommendations:

2.1 That Council notes the report.

3. Reasons for the recommendation:

3.1 In January 2025 a detailed report on each of the companies in which the Council has an interest was presented to Executive and Council. In the report officers committed to providing an update every six months to Council therefore this report addresses that commitment.

4. What are the resource implications including non financial resources

4.1 There are none arising out of the report.

5. Section 151 Officer comments:

5.1 The report sets out the position in respect of the Companies in which the Council has an interest. Other than Exeter Business Centre, which is subject to the review, there are no issues of significance to highlight.

6. What are the legal aspects?

6.1 Under the Local Government Act 2003, local authorities may trade in activities related to their ordinary functions for commercial purposes via a company (as defined under the Companies Act 2006).

6.2 Under the Localism Act 2011 local authorities are granted the General Power of Competence (GPC) and are permitted to do anything that an individual may do, including

engaging in commercial activities. However, in accordance with section 4 of the Act any commercial activities under the GPC must also be conducted through a company.

6.3 Exeter City Group Limited and Exeter City Living Limited

On 18th February 2025 Council resolved to :‘grant delegated authority to the Chief Executive as shareholder representative to issue and sign the written special resolutions in...to amend the Articles of Association of Exeter City Group (ECG) and Exeter City Living (ECL) to:-

- a) reduce the objectives of both companies to holding and managing property;
- b) operate with a minimum of one Director;
- c) to delegate authority to the Chief Executive as shareholder representative to make any further amendments to the constitutional documents of ECG and ECL and where appropriate any subsidiaries of ECG to reduce the company structure to a single company;
- d) to delegate authority to the Chief Executive as shareholder representative to wind-up and dissolve the dormant subsidiaries of ECG namely Exeter City Homes Limited and Exeter City Living Property Limited and, at a later date ECG, itself;
- e) to approve the Business Plan for 2025-26; and
- f) to delegate authority to the Strategic Director for Corporate Resources to annually agree the management fee percentage with the Director of ECL to ensure that the Company remains solvent but does not generate profits.

The Management Agreement provides that the appointment and removal of directors is a reserved matter for the Council’s shareholder representative.

The Companies must comply with the filing requirements at Companies House once any changes are made.

Additionally, the other companies in the Group, Exeter City Homes Limited and Exeter City Living Property Limited, are dormant and performing no activities and have not done so since their incorporation in 2018. Accordingly, they will be dissolved.

7. Monitoring Officer’s comments:

7.1 The purpose of this report is to provide Members with an update on Council-owned and related companies.

8. Report details:

8.1 Exeter City Council Companies and Charities:

8.1.1 ECC has a range of interests in a number of Companies (and a Charity) for a range of purposes. This report provides information to Members concerning those entities connected to Exeter City Council and the role of the Council within those organisations.

8.1.2 Attached at Appendix 1 of this report is a list of the Companies and a Charity in which ECC has an interest, along with details as to who fills the key roles in respect of interactions with the various entities with. Appendix 2 provides the financial information in respect of each of the entities. Set out below is a short summary of activities and financial performance of by the organisation in the financial year 2024-25.

Strata Service Solutions Limited (Incorporated 15 May 2014)

Strata is the Council's ICT Company and is owned in equal shares with East Devon District Council and Teignbridge District Council. Strata has been successful in delivering the savings it was required to achieve in its early period of existence and has continued to adapt with the aim of delivering the services each Council wants.

Strata have made significant progress into the transformation set out in the business plan for 25/26. These include replacement of the councils aged laptop estate and infrastructure, testing of the new phone system and decommission of skype for desktop users, enhancement of the councils digital from door and CRM. The Business plan is set to deliver its objectives by 2026.

Draft accounts for 2024-25 can be found in Appendix 2. In the financial year the company underspent against the Budget by £683k mainly due to delayed onboarding of new roles and initiatives created by the transformation programme as well as increased interest and grant income compared with the Budget. Strata will request that the Councils return the savings in 2025-26 to fund the transition to a cloud-based server solution as set out in the 2025-26 Business Plan. Strata also delivered £713k of capital improvements during the year.

After distribution of the savings Strata's Balance Sheet has Net Assets of £774k, a reduction of £33k on the previous year as a result of an increase in the company pension scheme liability.

Exeter Science Park Limited (ESPL) (Incorporated 24 February 2009)

ESPL is a company in joint ownership between Exeter City Council, Devon County Council, the University of Exeter and East Devon District Council. There are different shareholdings amongst the four owners.

ESPL is one of the most commercially driven Companies in which the Council has an interest, but under the agreement the Council is unable to take dividends from any profits.

- The draft Balance Sheet as of 31 March 2025 is included in Appendix 2 and shows Net Assets of £14.9m. The Net Asset position has improved significantly from the position on 31 March 2024 of £6.2m mainly due to the long-term loans of the company being cleared. This has allowed the Company and Shareholders to start to plan for the future development of the Park and how that may be achieved.

Exeter City Group Limited (Incorporated 7 June 2018) and Exeter City Living Limited (Incorporated 12 June 2018)

ECG and ECL now exists with the limited role of holding and managing property. It now holds and manages the six flats at the Guildhall Shopping Centre.

The Council resolved on 18 February 2025 to approve the Shareholder Representative to issue and sign written special resolutions in order to amend the Articles of Association of ECG and ECL. A resolution by the Board of ECG to action this is expected to be proposed by July 2025.

During the financial year 2024-25 ECL has continued to rent the six leased flats to residential tenants with the flats occupied for 97% of the year. A Management Fee of 54.1% was recharged to the Council by ECL for 2024-25 before net rental proceeds were paid over to the Council. The increased Management Fee was required to cover business running costs in 2024-25 which were higher than anticipated in future years due to the transition from development activity to solely residential rental activity. The draft accounts for ECL can be found in Appendix 2 and show a small profit of £22 for the year, and Net Assets of £117,256.

Exeter City Homes Limited and Exeter City Living Property Limited (Both incorporated 12 June 2018)

These companies are the two other subsidiaries of Exeter City Group Limited. Both companies are dormant, perform no activities, and have not done so since they were incorporated in 2018. Council approved a recommendation to delegate authority to the Shareholder Representative to wind up and dissolve the companies on 18 February 2025 and work is continuing to proceed this.

South West Audit Partnership Limited (SWAP) (Incorporated 14 September 2012)

South West Audit Partnership provides Internal Audit Services to Councils, Police Forces, Fire & Rescue Services and Police and Crime Commissioners across the Country. The Council joined the Partnership in April 2024. SWAP has continued to grow, with three more partners joining in the last year, in addition to Exeter taking the total to 27. As such the Council's ownership is very small and we continue to have no involvement in the day to day running of the Company. In the last year, the Chief Executive has retired and been replaced by Rich Clarke who has 25 years' experience.

At the time of writing the Accounts for 2024-25 have not been published, but the Council is not aware of any issues.

Exeter Business Centre (EBC) (Incorporated 5 March 1986)

EBC is based in a warehouse on the Marsh Barton Industrial Estate that the Company leases from a third party. The original intention of the company is to provide office space and workshops to 'start ups' on short-term leases to allow Companies that don't succeed to exit without significant leasehold obligations.

In the first report on Companies, funding was allocated to allow a review of the Business Centre to be undertaken. This review, being undertaken by Local Partnerships, is underway and is expected to report back in July 2025. The review will look at all options

for the Company to determine if there is a course of action that can be taken to ensure that it returns to profit and delivers its stated objectives.

A draft statement of Income and Expenditure for 2024-25 can be found in Appendix 2. EBC is projected to make a small loss in 2024-25 of around £20,000. As the Balance Sheet is small, this will push the Company into a negative Balance Sheet position. Rents have therefore increased to address this in 2025-26.

DextCo Limited (Incorporated 1 December 2016)

Dextco limited is a Company which was set up with partners in the City (Devon County Council, Royal Devon University Healthcare NHS Foundation Trust as well as Teignbridge District Council) with the intention of jointly procuring partners to deliver a City Centre district heat network and an additional district heat network in the West Exe part of the City (including Teignbridge). The proposals did not go ahead and there are no current projects being progressed by the Company. The company is not presently undertaking any projects and the future of Dextco needs to be reviewed with the other shareholders.

There has been no activity to report in the financial year 2024-25 and it is likely that a proposal to formally wind up the company will be made in the financial year 2025-26. Draft accounts for the financial year to 31 December 2024 are not available to report.

Monkerton Heat Company Limited (Incorporated 3 November 2015)

Monkerton Heat Company was set up with each Developer at Monkerton in relation to the District Heat Network which was installed by various developers with Eon as condition of Section 106 agreements for construction of residential developments at Monkerton. The Company exists for two principal purposes. Firstly, holding the Head Lease of the land for the pipework comprising the district heat network and granting a sub-ease to E.on. Secondly to administer the Master Agreement with E.on. As each developer completes their involvement in their scheme, they will resign as Directors and relinquish their shareholdings, and ultimately ECC will be the sole owner. Although it is an active company, it does not trade.

During the financial year 2024-25 the Developer shareholders have re-instructed Clarke Willmott solicitors to administer the company, who have filed the Annual Statement and Accounts for a Dormant Company.

It is anticipated that the financial accounts for the year to 30 November 2024 will look very similar to previous but draft accounts are not available to report.

Exeter Canal and Quay Trust Limited (Incorporated 17 December 1981)

Exeter Canal and Quay Trust Limited is a charity which was set up in December 1981 to manage and improve a range of properties primarily at the Quay. The properties are owned by Exeter City Council and let to ECQT primarily on long leases with decades to run. In some instances, the freehold interests have been transferred to ECQT.

There are no significant issues to highlight at this time. The individual who looks after ECQT's interest in the Estates team is retiring later this year and ECQT is considering

whether to procure its commercial property advice directly from the individual rather than via the Council. This would bring this in line with how it procures other Services.

A draft statement of Income and Expenditure for 2024-25 can be found in Appendix 2.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The recommendation in this report supports the Council's Corporate Priorities of Leading a Well-Run Council – Well Managed Assets: In reviewing the activities of the companies and the proposals to reduce or cease certain activities, the Council is taking a proactive approach to managing those alternative business structures where it has an interest.
- 9.2 It also supports the Corporate Priority of a Balanced budget by reviewing the activities of companies and by making recommendations to reduce financial exposure and company activities where that is seen to be necessary.

10. What risks are there and how can they be reduced?

10.1 The Companies may fall into administration if they are unable to meet their financial liabilities placing considerable pressure on Directors.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report's recommendations address Companies not individuals.

12. Carbon Footprint (Environmental) Implications:

12.1 Important to complete this section in light of the Council declaring a Climate Emergency. Consider whether the recommendations you are making in the report will

help, hinder or have no direct impact on delivering our carbon reduction target (carbon neutral by 2030).

12.2 You should think about things like:-

- Travel (and, if travel is unavoidable, whether lower carbon options will be pursued e.g. walking, public transport, electric car);
- Infrastructure (e.g. LED lighting, energy efficient heating/hot water, solar panels, electric car charging points);
- Waste (e.g. recycling, composting, reducing non-recyclable waste); and
- Any other specific carbon reduction initiatives.

12.3 No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

None

Director Strategic Director Corporate Resources

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires:

Democratic Services (Committees)

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Appendix 1 ECC Group Interests

ECC Group interests

	Company No.	Ownership	Shareholder Rep	Appointed Director	Client Lead	Status	Purpose
Strata	09041662	33%	Leader via JEC	Strategic Director for People	Head of Digital & Data	Active	Provision of IT Services
ESPL	06828415	20%	PH Climate	Head of City Centre & Net Zero	N/A	Active	To develop and manage Exeter Science Park
Exeter City Group	11404047	100%	ChiefExecutive	Finance Manager - Commercial	N/A	Active	Holding Company for ECL
ECL	11410540	*100%	ChiefExecutive	Finance Manager - Commercial	Head of Commercial Assets	Active	To manage rental properties for Council
Exeter City Homes	11410363	*100%	ChiefExecutive	Finance Manager - Commercial	N/A	Dormant	To manage residential rental properties
Exeter City Living Property	11410214	*100%	ChiefExecutive	Finance Manager - Commercial	N/A	Dormant	To manage commercial rental properties
SWAP	08215338	4%	Chair of A&G	N/A	Head of Finance	Active	Provision of Internal Audit Services
EBC	01995933	100%	Not Determined	3 Councillors	N/A	Active	To Provide Start Up space for new Companies
ECQT	Charity	N/A	N/A	8 Councillors	Not determined	Active	To enhance and promote the Canal & Quay area of the City
Dextco	10506296	20%	Not Determined	Howard Smith	N/A	Dormant	To encourage inward investment in low carbon energy projects
Monkerton Heat Co	09853521	16.66%	Not Determined	Howard Smith	N/A	Deemed dormant	To hold the head lease for district Heating network pipelines

* Holding Company owns these subsidiaries