

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer: Supply, Distribution and Property****Infrastructure Regeneration and Economic Development Committee:****1 February 2023**

Subject: Update on activity by Clydebank Property Company Limited**1. Purpose**

- 1.1** The purpose of this report is to update the Committee on the financial position of Clydebank Property Company following completion of the final audit accounts.

2. Recommendations

- 2.1** It is recommended that the Committee:

- (i) notes that Clydebank Property Company returned a net loss of £0.176m in 2021/22
- (ii) notes that, as at 31 March 2022, Clydebank Property Company has total reserves of £3.635m of which £2.929m are non-distributable and £0.706m are distributable
- (iii) notes the change of directors on the Clydebank Property Company board with the resignation of Peter Hessel and appointment of Alan Douglas

3. Background

- 3.1** In 2014 Clydebank Rebuilt closed its operation. As part of this closure West Dunbartonshire Council agreed to purchase its assets to allow those assets to continue to serve the business needs of the Clydebank Community. Details can be found in the background paper to this committee of 17 September 2014.
- 3.2** Annual updates on the progress of activity of CPC have been provided to this Committee since November 2017.

4. Main Issues

- 4.1** A Committee Report was submitted to Committee on 27 September 2022 to note the activity on both property and Titan Crane and a future report for

noting will come back to Committee in relation to the repainting once the tender exercise has been completed.

- 4.2** For noting a change of Directors took place since the last report to Committee with Peter Hessematt resigning as Director on 23 September 2022 and Alan Douglas was appointed as Director on 2 December 2022

5. People Implications

- 5.1** There are no people implications arising from this report.

6. Financial and Procurement Implications

- 6.1** Following the year end, the distributable reserves as detailed below:

	Profit/(Loss)	Reserves	Dividend paid post year end
20/21	£0.606m	£0.706m	£0.050m
21/22	(£0.176m)	£0.706m	£0.050m

- 6.2** The year end financial position identified a loss in year of £0.176m noted in 6.1 is after taxation and an upwards revaluation to investment properties of £0.015m. The taxation charge of £0.252m includes Corporation Tax of £0.009m and a re-measurement of Deferred Tax for changes in tax rates of £0.243m.

The Deferred Tax is an estimate of the amount of tax payable in respect of the taxable profit for future reporting periods if the assets were sold.

The Deferred Tax is held as a liability in the accounts and is not actually paid until the property is sold in a future accounting period.

In 2021/22 there was a change to the rate of Corporation tax to 25% from 19% the previous financial year which required the deferred tax liability to be recalculated and an adjustment made to the accounts to increase the liability.

	FY 21/22
	£m
Profit on ordinary activities	0.061
Profit on revaluation of investment properties	0.015
Net Trading Profit	0.076
Net tax position	-0.252
Net (loss) for the year	-0.176

6.3 Following the year end, the Company now holds £0.706m of distributable reserves as detailed in the table below:

Reserves	Total	Non Distributable	Distributable
	Reserves	Reserve	Reserve
	£m	£m	£m
At 1 April 2021	3.861	3.155	0.706
Dividend paid	-0.05	0	-0.05
Remaining reserves	3.811	3.155	0.656
(Deficit)/Surplus for 2021/22	0.076	0.015	0.061
Adjustment for taxes	-0.252	-0.241	-0.011
At 31 March 2022	3.635	2.929	0.706

The £2.929m of non-distributable reserves are due to changes to valuations of investment properties and are consequently not cash based.

6.4 The expectation is that the organisation will generate a surplus which should generate a dividend to the Council. The Council's budget assumed a dividend would be received from Clydebank Property Company each year from 2016/17 onwards (future projections assume £0.050m per annum). The company has continued to trade with increased levels of operational estate being let and following the approval of the audited accounts the Board has agreed to provide the Council with a dividend of £0.050m.

6.5 The Council acquired Clydebank Property Company for £273,000 as an investment, which was substantially lower than the maximum sum approved by Council of £800,000. Since its acquisition CPC has absorbed new costs charged from the Council associated with the running of its assets. This has inevitably reduced the surplus position of CPC, however the services would have been required to have been funded from elsewhere if not provided by the Council.

6.6 There are no procurement issues associated with this report.

7. Risk Analysis

7.1 The ownership of CPC is a low-level risk to the Council. The purchase price was minimal, given the assets owned by CPC. The ongoing position is likely to remain favourable with likely dividends being provided to the Council.

7.2 The main risk to CPC and therefore the value of the Council's ownership lies in the Titan Crane and the potential for significant costs should any major

structural repairs, etc. be required. CPC attempts to mitigate against this risk by maintaining the crane and undertaking appropriate inspections on a regular basis.

8. Equalities Impact Assessment (EIA)

- 8.1** No significant issues were identified in relation to equality impact screening previously carried out.

9. Strategic Environmental Assessment

- 9.1** A Strategic Environmental Assessment is not required

10. Consultation

- 10.1** Consultation was undertaken with officers within Regeneration, Resources, Regulatory, Communications, Culture & Communities and Finance.

11. Strategic Assessment

- 11.1** The company will continue to significantly contribute to improving economic growth and employability; and improving local housing and environmentally sustainable infrastructure.

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Date: 5 January 2023

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Appendices:	None
Background Papers:	Clydebank Rebuilt – Conclusion to the Purchase of Clydebank Property Company – Infrastructure, Regeneration and Economic Development Committee – 17 September 2014
Wards Affected:	Ward 6