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CABINET

11th June 2025

Subject Heading:

Havering London - Charitable Status Application

Cabinet Member:

Councillor Gillian Ford

ELT Lead:

Patrick Odling-Smee, Director of Living Well

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Policy context:

People – things that matter to residents

Financial summary:

There will be nominal fees involved with applying for charitable status, however if the application is successful this opens up many other funding opportunities that as a company limited by guarantee cannot be applied for.

Is this a Key Decision?

No

When should this matter be reviewed?

11th June 2026

Reviewing OSC:

People Overview and Scrutiny Sub-committee

The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well X

Place - A great place to live, work and enjoy X

Resources - Enabling a resident-focused and resilient Council

SUMMARY

Havering London Limited (HL) is registered at Companies House as a Council controlled company limited by guarantee. HL was established as a new cultural and place making organisation that would support the Council to deliver the London Borough of Culture (had the application been successful), and to realise future opportunities.

Cabinet agreed the recommendation at the meeting on 13 March 2024 to establish HL. The report also stated the company be established initially, with a longer term ambition to evolve into charitable status which would be subject to an options appraisal and relevant governance decisions.

This report seeks authority to apply for charitable status for HL for the reasons set out.

RECOMMENDATIONS

For the reasons detailed in this report and its appendix Cabinet is recommended to agree:

1. that an application is submitted to the Charity Commission for Havering London Limited to become a registered charity. Following registration, HL will be a charitable company limited by guarantee.
2. to delegate to the Strategic Director of People in consultation with the Deputy Director of Legal Services to take all steps necessary to establish the charity if the application is successful.

Cabinet is asked to note that the Council nomination for appointments on the Charity Board will be made subject to the Council's Constitutional Rules.

REPORT DETAIL

Background

1. Cabinet agreed at their meeting on 13 March 2024 the following recommendations:
 - Agree to the incorporation of a company limited by guarantee wholly owned by the Council for the purpose of delivering the London Borough of Culture year (if awarded) and / or realising and delivering other cultural and place making opportunities;
 - Delegate to the Strategic Director People in consultation with the Deputy Director of Legal Services to take all steps necessary to incorporate the Company;
 - Delegate to the Strategic Director People in consultation with the Leader the authority to make the appointments to the board of directors of the Company.
 - Authorise the Strategic Director of Resources to allocate all necessary external funding received for the purposes of Borough of Culture to the Company, to enable delivery of the Borough of Culture programme by way of commissioned contract.
2. HL has been registered at Companies House and Directors have been appointed.
3. The Cabinet report of 13 March 2024 also included that authority was sought to establish the Company as a Council controlled company limited by guarantee initially, with a longer term ambition to evolve into charitable status which would be subject to an options appraisal and relevant decisions.

Options Appraisal

4. An options appraisal has been carried out by external lawyers and is attached at Exempt Appendix A. This sets out the advantages and disadvantages of either continuing with the existing Council controlled company limited by guarantee or applying for charitable status which will take the arrangements out of Council control as a charity is required to act in line with its published/incorporated objects and to promote its charitable purpose. The significant advantages of applying for charitable status for HL is the funding opportunities that would become available. There are many external funders of culture that only charitable organisations can apply to. This in turn further develops HL and the cultural activity it can generate but also provides the opportunity to sustain the organisation into the future.
5. A further advantage is the agility it will provide HL to apply for funding that has a short application window. The charity will require a range of policies relating to its management, including the management of conflicts of interest. The Council will seek nomination rights for the charity board to be incorporated into the charitable scheme. The charitable board will be required to hold a balanced membership including those outside of the Council. More information is attached at Exempt Appendix A.

6. The charity will be subject to regulatory regime. There will also be additional layer of administration and tax arrangements. Where the charity employs no officers at present, the charity will need to commission services such as those related to governance, finance and audit. The Council may be able to offer these to the charity but must ensure the full costs are recovered. In the event of dissolution of the charity in future, it is noted that the charity's assets including any land would need to be transferred to another charity in keeping with any direction from the Charity Commission. Those residual assets would not be capable of being transferred to the Council.
7. Based on the appraisal it is recommended that the Council agree to register HL as a charitable company limited by guarantee rather than establish a new charity by any alternative structure.

REASONS AND OPTIONS

Reasons for the decision:

This decision is required to enable HL to maximise funding opportunities to further develop culture and place making activity and assist with future sustainability.

Other options considered:

1. Do nothing – whilst this is an option with HL continuing as a Council controlled company limited by guarantee. The opportunities to access external funding is limited. For the reasons set out in the options appraisal this is rejected.
2. Dissolve HL as a Council controlled company and deliver any cultural projects in-house at the Council.. This has been rejected as the resource required to deliver the cultural projects is not available. Further, the Council is unable to apply to many funders that a charitable organisation can apply to.

IMPLICATIONS AND RISKS

Financial implications and risks:

HL have been successful in raising in the region of £1.6m in funding and these funds will be transferred to the charity on its establishment.

If Charitable status is agreed this will enable HL to maximise funding opportunities and would provide eligibility for tax relief, including exemptions from Corporation Tax, VAT reductions, and Business Rate Relief. As the work of HL develops, this could result in substantial cost savings to HL into the future, allowing funds to be reinvested into cultural and community programmes.

Legal implications and risks:

The Council has a general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The Council has the power under this section to agree to the proposals in the recommendations.

It is recommended that Havering London Limited (HLL) be converted into a charitable company limited by guarantee. This structure makes best use of the existing company, enabling access to charitable tax reliefs, grant funding, and broader fundraising opportunities. Further legal advice is incorporated into the options appraisal at Exempt Appendix A.

Human Resources implications and risks:

There are no human resource implications or risks for the Council associated with this decision.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

In all situations, urgent or not, the Council will seek to ensure equality, inclusion, and dignity for all. There are no equalities implications for the Council associated with the recommendations in this report.

Health and Wellbeing implications and Risks

There are no health and wellbeing implications or risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

There are no environmental and climate change implications or risks associated with this decision.

BACKGROUND PAPERS

Cabinet 13 March 2024 - Borough of Culture