

## Questions asked by Phil Carrigan and responses made by Honiton Town Council

**Question 1** – regarding Item 25 - why is the Town Council resolving comments on the business plan of its tenant, HCC, a private limited company with charitable status?

**Response** - The Council asked for and has been provided with HCC's renewed Business Plan (December 2022) which HCC has been asked to comment upon and has decided to do so.

**Question 2** – regarding Item 26 - why is the Council proposing to resolve a draft underwriting agreement for HCC, a private limited company, thereby committing the next Council, due to be elected in under three months to additional significant future financial support for HCC from public funds?

**Response** - The Council's budget 23/24 reports describe no budget to support HCC 23/24 but with the intention of entering a financial safety net mechanism; this is now being implemented. Council business continues even with forthcoming local elections.

**Question 3** - It's my understanding HCC has never been subject to an independent financial audit. Does Honiton Town Council plan to require such an audit prior to committing additional future public funds to this private company?

**Response** - The Town Council employs an accountant (Mulberry & Co) to review HCC's monthly P&L accounts, before authorising the Council's underwriting of costs.

**Question 4** – regarding Items 25, 26 & 27 - These agenda items, relating to the funding and management of the Beehive indicate a deepening involvement by the Council in the management of the Beehive. Has the Council taken legal advice as to whether the Council/Councillors might be regarded under Company Law as "Shadow Directors" of HCC, possibly resulting in Councillors facing significant personal financial liabilities, and legal action, without personal insurance?

**Response** - The Council has appointed Wellers Hedleys (Solicitor) to act on its behalf. The operation of the Council and HCC are separate including governance and decision making. The Council has offered two Directors of HCC one of which can be appointed as a voting HCC Director and as such has liabilities. Wellers Hedleys will be asked the specific question about "shadow Directors". I will also ask Zurich regarding Council insurance for Council nominated HCC Directors.