

Agenda Item No: 5

Report To: Trading & Enterprise Board

Date of Meeting: 26th November 2019

Report Title: Closure of A Better Choice for Building Consultancy Limited

Report Author & Job Title: Ben Lockwood, Director of Finance and Economy

Portfolio Holder Cllr. Bell, Chair of the Trading & Enterprise Board
Portfolio Holder for:



Summary:

It was decided in 2017 that A Better Choice for Building Consultancy Limited (“the Company”) should cease trading but remain in existence. The Directors of the Company have now taken the decision that the costs (both actual and in officer time) of keeping the Company in existence are disproportionate and have resolved to ask the Council to close the Company and apply for it to be removed from the register of companies at Companies House.

Key Decision: No

Significantly Affected Wards: None

Recommendations: **The Trading and Enterprise Board is recommended to:**

- I. Recommend to Cabinet that it recommends to Council that A Better Choice for Building Consultancy is closed and the application made to Companies House to strike off the Company from the Register.**
- II. Recommend to Cabinet to recommend to Council that authority is delegated to the Principal Solicitor (Property and Projects), who is also Company Secretary, to make the application and complete the necessary paperwork.**

Policy Overview: The Building Consultancy Company was set up in support of the Councils commercial ambitions as identified in the 2015 Corporate Plan.

Financial Implications: There is a continuing obligation to ensure that appropriate insurance remains in place at a cost of circa £1,422 per annum until July 2023.

Legal Implications Once the Company has been struck off at Companies House it will cease to exist. The report considers the implications of

this for the Council.

Equalities Impact Assessment

Not Required.

Other Material Implications:

None

Exempt from Publication:

NO

Background Papers:

None.

Contact:

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Report Title:

Introduction and Background

1. At its meeting on 6th November 2017, the Board approved the recommendation of the Directors of the Company that the Company cease trading and be put into dormancy.
2. Since that decision, work has continued to complete those contracts that were outstanding and to finalise the Company's accounts as required.

Proposal/Current Position

3. At the Board meeting on the 23rd April 2019, the Directors received a report on the current status of the existing contracts and the financial position of the Company since it had stopped trading.
4. Following this report and the discussion that followed, the Directors reached the decision that it would be best to now formally close the Company and apply to have it struck off the register of companies at Companies House. This report is requesting the consent of the Council as the sole shareholder in the Company to do this.
5. In reaching this decision, the Directors considered what was in the best interests of the Council as shareholder of the Company. Holding a dormant company incurs costs (accounts still have to be prepared, audited and filed at Companies House) and officer time.
6. It is important to note that the Council has taken a number of learning points away from the operation and closure of this Company. These have included the difficulties of running a company that is so dependent on the professional skills of individuals without having any staff.
7. The Directors also noted in their discussion that, although it was available, the Company never utilised the equity investment that the Council made available as it was able to break even from the beginning of its operations.
8. In terms of trading activity, the Company generated profits of £9,669 for the financial years 2015 to 2017 and only incurred losses in the final years when expansion plans were considered. Although the company was profitable as a standalone business, the options to grow the company and generate dividends to the Council were not considered viable following detailed option appraisals, and hence the decision to cease operations was made and approved by the Trading & Enterprise Board in 2017.
9. At the time of writing this report, the Company has just over £2,000 in its bank account, this money will be used to settle any outstanding liabilities before it is struck off and the bank account is closed.

Implications and Risk Assessment

10. Due to the nature of the work that was carried out by the Company, defect liability insurance needs to be in place for the period of 6 years from the date the last assessment was carried out by the Company. This last assessment was completed in June 2017 and so the insurance will need to remain in place until June 2023. The cost of the insurance for the Council is £1,422.00 per annum.
11. There may be some energy assessments where the first stage of the assessment was carried out whilst the Company was trading, but the second stage could still be outstanding. It is possible that the customers for these assessments will go to another provider for the second stage, but they may contact the Council requesting that they are done. At the date of the report, the Council has not received any requests for these second stage assessments to be carried out so it is believed that this risk is low and can be managed.

Equalities Impact Assessment

12. Not applicable.

Consultation Planned or Undertaken

13. None proposed as the Company ceased trading in 2017.

Other Options Considered

14. The Company could remain dormant but still on the register at Companies House. However, this means that the statutory requirements for the Company to file accounts and have directors remain in place. This has cost and time implications for the Council and officers.

Reasons for Supporting Option Recommended

15. The Directors have considered the position fully and I am happy to support their decision. The cost implications for the Council of keeping the Company open “just in case” are disproportionate to the cost of creating and registering a new company if the Council were to decide that it needed one in the future.

Next Steps in Process

16. The closing accounts for the Company will be prepared and the application made to Companies House for the Company to be struck off.

Conclusion

17. The Company has not traded for over two years now and if the Council wished to trade in a different area of business then a new company could be created for that specific business. There seems little point in holding this company on the register with the cost implications.

Portfolio Holder's Views

18. I fully support the recommendations.

Contact and Email

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