



**Cabinet**

**Tuesday, 12 January 2021**

**Rushcliffe Enterprises Limited**

## **Report of the Chief Executive**

### **Cabinet Portfolio Holder for Strategic Leadership, Councillor S J Robinson**

#### **1. Purpose of report**

- 1.1. This report sets out the current governance structure for Council-owned companies, and suggests some simplification that can be implemented to streamline the structure whilst also ensuring that there is sufficient Council oversight of Council-owned companies.
- 1.2. This matter has been considered by the board of Rushcliffe Enterprises Limited which supported the proposal.

#### **2. Recommendation**

It is RECOMMENDED that

- a) PSP Rushcliffe LLP is wound up and any outstanding accounts are settled within existing budgets;
- b) Rushcliffe Enterprises Limited is made dormant and retained in name only to allow the Council to use the company in the future if it wishes;
- c) The revised company and governance structure set out in paragraph 5.3 is adopted to provide proportionate oversight and governance of Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd; and
- d) The Chief Executive and Monitoring Officer be requested to make the necessary changes to existing company models and articles before the end of the financial year.

#### **3. Reasons for recommendation**

Rushcliffe Enterprises Limited was set up in 2017 with a revised structure agreed in February 2018, allowing additional companies to be set up under this holding company. The work of the Limited Liability Partnership set up with Public Sector PLC was one such company, but the LLP's work has not resulted in any substantive projects being taken forward and there is not a need for such a complex structure to be in existence for the Streetwise companies. Officers

have taken account of the recommendations regarding governance of Council-owned companies and appropriate scrutiny mechanisms arising from the Public Interest report into Robin Hood Energy and these have influenced the proposed new structure and scrutiny arrangements.

#### **4. Supporting information – proposal to wind up the PSP Rushcliffe LLP**

- 4.1. In November 2017, Cabinet received a report which set out that there may be opportunity in setting up an LLP with Public Sector Partnerships Limited (PSP), a company that specialises in a “relational partnering” model with local authorities. The company has a track record of providing additional capacity to Council property departments in order to enable councils to maximise the commercial productivity of their asset bases. The model for funding PSP’s work is that it is funded by future uplifts in land values for projects undertaken. These uplifts in value are shared between the partners (PSP and the local authority in question).
- 4.2. In February 2018, Cabinet agreed to a new structure and governance for its Streetwise companies sitting underneath the Rushcliffe Enterprises Limited holding company. This provided the Council with the ability to set up multiple companies which would report into Rushcliffe Enterprises Limited. In June 2018, Cabinet agreed that an LLP with PSP should be set up and this would report into Rushcliffe Enterprises Limited.
- 4.3. Since being set up, the LLP has investigated feasibility work into the following projects:
  - Abbey Road housing delivery – provision of modular housing on the Abbey Road site, reported to Cabinet;
  - Possible acquisition of the West Bridgford Police Station;
  - Options for Lutterell Hall prior to Cabinet’s decision to transfer to community management;
  - Delivery of a mixed-use scheme for Bridgford car park – to include flats and retail – reported to the West Bridgford Growth Board and part of the aspirations of the West Bridgford Commissioner’s report;
  - Smaller pieces of work have included initial thoughts at whether there are any viable delivery options for employment units in Radcliffe on Trent; and
  - A review of the Council’s asset base has not revealed any missed or unknown opportunities for maximising commercial income through the Council’s assets.
- 4.4. None of the above projects investigated progressed past feasibility stage as none of them made a strong enough business case for the Council to consider them being delivered by the LLP. Abbey Road is being delivered by private developers. The potential acquisition of the police station was not deemed to be in the best interests of the Council, based on the size and scale of the project and has been sold by the Police for the development of a retirement complex.

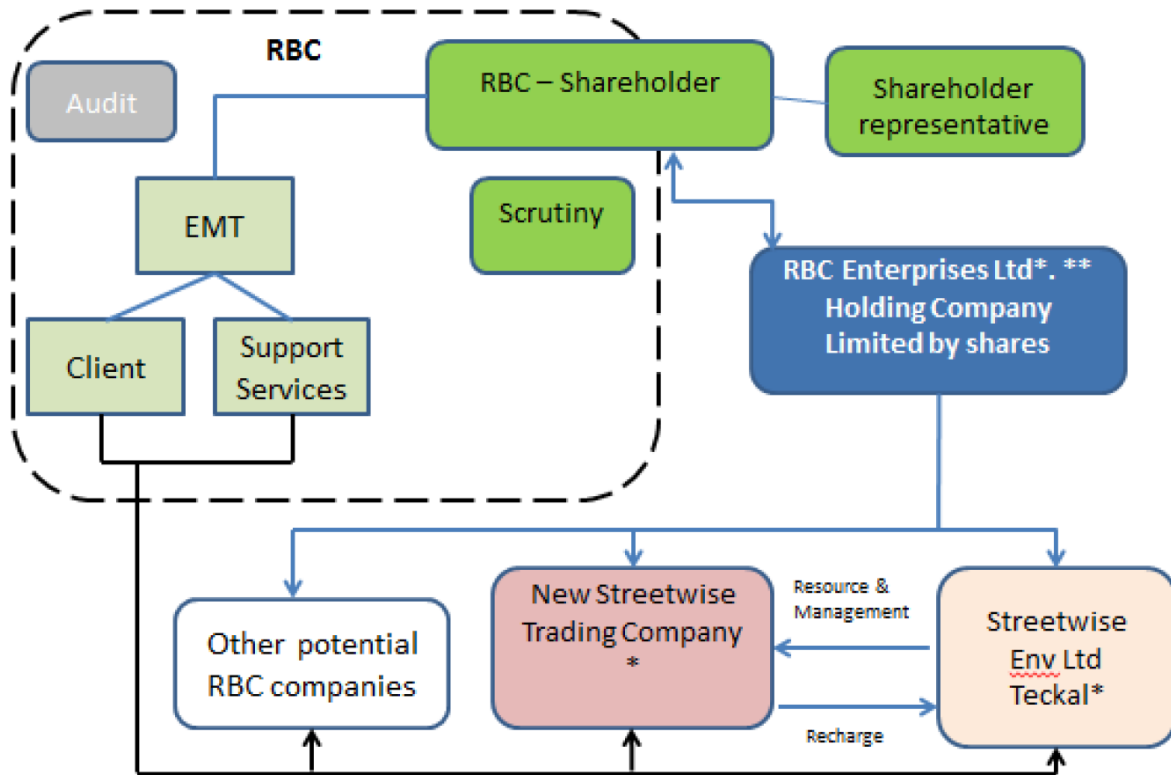
- 4.5. Work into the potential delivery of a mixed use scheme for Bridgford car park was progressing but has stalled in the context of Covid-19 and the current threat to the high street.
- 4.6. Delivery of employment units in Radcliffe on Trent remains an ambition of the Radcliffe on Trent ward members and Growth Board but is not likely to provide a commercial return to the Council in the current economic climate. The review of the Council's asset base confirmed that the Council does not have obvious spare/surplus assets that are not being maximised or already being reviewed.
- 4.7. The work of the LLP came to a natural pause at the end of 2019, with no obvious projects on the horizon. It is, therefore, recommended that the LLP should be wound up.
- 4.8. As stated above, work undertaken by PSP is funded by future uplifts in land values which are shared between the partners when projects come to fruition. This has not been the case with the PSP Rushcliffe LLP and so there is an outstanding cost on the LLP balance sheet to be dealt with.
- 4.9. PSP have submitted a Notice of Dissolution to the Council and the following actions will then take place.
  - A. RBC should make payment to PSP Facilitating Limited for its 50% share of the historic operating losses, and remaining costs to be incurred for the partnership, being £11,707. The remaining costs to be funded are the final audit fees for the years ended 31 March 2020 and 31 March 2021.
  - B. PSP Facilitating Limited will agree to write off any remaining debts it is owed by the partnership, including loans, accrued interest, and accrued accounting fees. This is valued at £21,977.
  - C. This will result in a zero balance sheet.
  - D. PSP Facilitating Limited will file a LLDS01 form with Companies' House to request the strike-off.
- 4.10. The £11,700 costs will be covered by existing budgets for property project feasibility work. There were in particular some costs of external architects who were involved in looking at options for Bridgford Road car park and Abbey Road. The overall costs are not unreasonable for the pieces of work undertaken and the Bridgford Road work can be revisited in the future once the economy starts to recover again.

## **5. Supporting information – proposal to simplify the company structures for Streetwise and wind up Rushcliffe Enterprises Limited**

- 5.1. The existing company structure for the RBC companies is set out in the model below as reported to Cabinet in 2018. The PSP Rushcliffe LLP was positioned in the box entitled "other potential RBC companies".
- 5.2. If Council winds up the LLP, and as there are no other Council owned companies proposed at the current time it is not necessary to have a holding

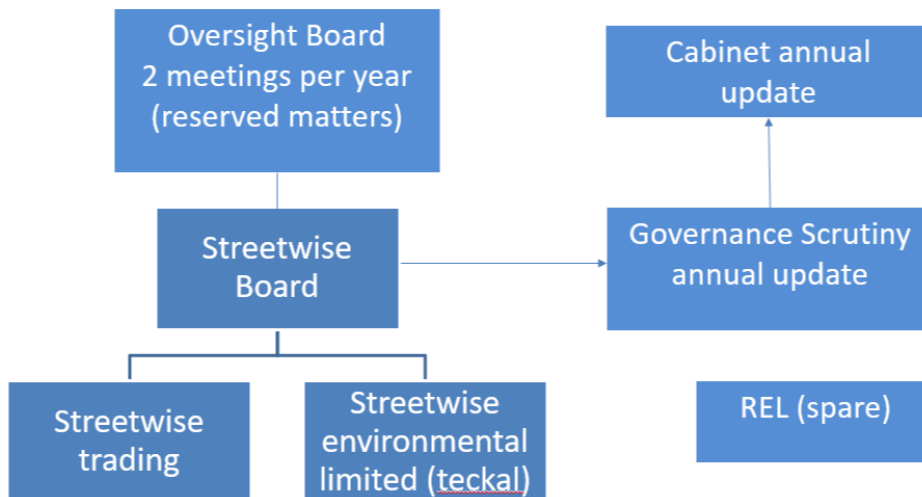
company. In addition it is recommended that the link to Council scrutiny is made clearer and is specifically identified as Governance Scrutiny Group in order that the Council company's governance and financial standing may be reviewed annually.

### Existing company structure



### Proposed company structure

- 5.3. The following provides a proposed future model. Rushcliffe Enterprises Limited will be retained in name only as a dormant company. A Streetwise Oversight Board will be established to receive a minimum of two reports per year from the Streetwise Board and will be responsible for the reserved matters for the Streetwise companies as set out in the previous report to Cabinet in February 2018. The Streetwise Oversight Board will comprise three Cabinet members acting as shareholder representatives and the Chief Executive.



- 5.4. In addition, to ensure a robust and transparent scrutiny process, the Streetwise Managing Director will report to the Governance Scrutiny Group on an annual basis to update on the governance and financial standing of the company. This report will then be delivered to Cabinet.
- 5.5. Day to day management of the contract for services that is in place between the Council and Streetwise will be managed by Council officers, led by the Executive Manager for Neighbourhoods.
- 5.6. The proposals will require the Articles of the Streetwise Companies to be redrafted to confirm the revised governance arrangements.

## 6. Alternative options considered and reasons for rejection

The existing structure could remain in place but PSP have already requested the winding up of the LLP and it is overly cumbersome to retain the existing structure of a holding company just for Streetwise. In addition, it is important that Streetwise is linked into the Council's existing scrutiny arrangements for transparency purposes.

## 7. Risks and uncertainties

There are no particular risks associated with the proposal within the report. It has been considered by the board of Rushcliffe Enterprises Limited which supported the approach.

## 8. Implications

### 8.1. Financial implications

There is a balance of £11,707 to be paid to Public Sector Partnerships PLC on the winding up of the LLP. This will be paid within existing budgets.

## 8.2. Legal implications

The relevant paperwork will be lodged with Companies House to wind up the LLP and register Rushcliffe Enterprises Limited as dormant. The Oversight Board will sit outside of the formal company structure and the Articles of the Streetwise Companies will be re-drafted to record properly the revised governance arrangements.

## 8.3. Equalities implications

There are no equalities implications.

## 8.4. Section 17 of the Crime and Disorder Act 1998 implications

There are no S17 implications.

## 9. Link to corporate priorities

Quality of Life	
Efficient Services	This report focuses on proportionate and efficient corporate structures for the oversight of the Streetwise companies
Sustainable Growth	
The Environment	

## 10. Recommendations

It is RECOMMENDED that

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- c) The revised company and governance structure set out in paragraph 5.3 is adopted to provide proportionate oversight and governance of Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd; and
- d) The Chief Executive and Monitoring Officer be requested to make the necessary changes to existing company models and articles before the end of the municipal year.

<b>For more information contact:</b>	Katherine Marriott Chief Executive 0115 914 8291 <a href="mailto:kmariott@rushcliffe.gov.uk">kmariott@rushcliffe.gov.uk</a>
<b>Background papers available for Inspection:</b>	Report to Cabinet February 2018
<b>List of appendices:</b>	