



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

Signed off by	Chief Finance Officer
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To	Partner, Shareholder and Trustee Executive Sub-Committee
Date	Thursday, 1 February 2024
Executive Member	Portfolio Holder for Commercial and Community Assets

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Shareholder Actions - RBBC Limited
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Recommendation
<p>The Partner, Shareholder and Trustee Executive Sub-Committee as the Council's shareholder representative are requested to:</p> <ul style="list-style-type: none">(i) Accept the recommendation of the directors of RBBC Limited to dissolve the company, because it has been dormant for a substantial period and there is no intention for it to resume trading;(ii) Instruct Council officers to take the necessary action to close the company and submit the final returns to Companies House.
Reasons for Recommendations
<p>RBBC Limited is a company 100% owned by Reigate & Banstead Borough Council.</p> <p>Having considered available options, the Directors of the company have written to the Council (copy at Annex 1) recommending that action is taken to dissolve the company because there is no further benefit, purpose or intention to resume trading activity.</p> <p>The Partner, Shareholder and Trustee Executive Sub-Committee is asked to accept the director's recommendation and instruct officers to proceed with closing the company and submit the final returns to Companies House.</p>

Executive Summary

The Partner, Shareholder and Trustee Executive Sub-Committee is required to consider the Recommendation above in its capacity as shareholder representative for Reigate & Banstead Borough Council's owned and part-owned companies.

Having considered available options, the Directors of the company have written to the Council (copy at Annex 1) recommending that action is taken to dissolve the company because there is no further benefit or purpose in continuing to trade.

The Partner, Shareholder and Trustee Executive Sub-Committee has authority to approve the above recommendations.

Statutory Powers

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence to do anything that individuals generally may do, where this is not prohibited by other legislation. This includes the power to set up alternative delivery vehicles to exercise its powers and duties.
2. Section 4 of the Localism Act 2011 stipulates that where in the exercise of the general power a local authority acts for a purely commercial purpose, the authority must do so through a company.
3. Companies and the rights of shareholders are governed by the Companies Act 2006.

Key Information

4. Reigate & Banstead Borough Council incorporated a company, RBBC Limited, on 30 September 2020 to preserve the name following the dissolution of one of its previous companies which traded under the name RBBC Limited.
5. It was originally intended to use RBBC Limited for the purpose of acting as a holding company for the Council's companies and to consider and commission commercial activities on behalf of the Council, including acquiring and establishing additional companies, consideration of business plans, and oversight of commercial governance arrangements.
6. As identified when the Commercial Strategy Part 2 was implemented in December 2021, changes to the local government borrowing regime and the inability to invest purely for yield, meant that a group company structure was less likely to be appropriate for the Council therefore RBBC Limited has not been utilised but has remained in place in case a future use was identified, thus preserving the company name.
7. RBBC Limited is 100% owned by the Council (100 £1 ordinary shares) and is entirely inactive. Annual Accounts have been prepared in accordance with the provisions applicable to companies subject to the 'small companies' regime.
8. Having now considered available options, and taking into account the administrative overhead of continuing to keep RBBC Limited in operation, the Directors have written to the Council (copy at Annex 1) recommending that action is taken to

dissolve the company because there is no further benefit, purpose or intention to resume trading activity.

Options

- Option 1:** Approve the recommendations to accept the opinion of the Directors of RBBC Limited and instruct officers to close the company down because there is no further benefit, purpose or intention to resume trading activity.
- This is the recommended option, primarily to cease the administrative overhead of retaining the company where there is no foreseeable purpose for it.
- Option 2:** If after reviewing the recommendations, the Partner, Shareholder and Trustee Executive Sub-Committee may request further information before making a decision.
- Option 3:** To not approve the recommendations. This is not the recommended option as there is no benefit in retaining the company in operation as its anticipated purpose has ceased.

Legal Implications

9. Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the 'general power of competence'. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others; ie this includes the setting up of companies as alternative delivery vehicles to exercise its powers and duties. In exercising this power, a local authority is still subject to its general duties (such as the fiduciary duty it owes to its rate and local tax payers and to the public law requirements to exercise the general power of competence for a proper purpose).

Financial Implications

10. There are no specific financial implications from the recommendations in this report.
11. Administrative efficiencies will arise from no longer having to maintain company records and submit returns and accounts to Companies House.

Equalities Implications

12. There are no equalities implications arising from this report.

Communication Implications

13. There are no communication implications arising from this report.

Environmental Sustainability Implications

14. There are no environmental sustainability implications arising from this report.

Risk Management Considerations

15. All commercial ventures and investment activities contain an element of risk, and the Partner, Shareholder and Trustee Executive Sub-Committee should consider these as part of the decision making process for any decisions relating to commercial ventures and investment activities.

Background Papers

None.

ANNEXES

1. Communication from the Directors of RBBC Limited – January 2024

5 January 2024

Cllr A King, Chairman
Partnership, Shareholder & Trustee Sub-Committee
Reigate & Banstead Borough Council

Closure of RBBC Limited

Dear Councillor A King,

As the Directors of RBBC Limited (company number 12915794), we are writing to you in your capacity as Chair of the Partnership, Shareholder and Trustee Executive Sub-Committee and, therefore, the appointed representative of Reigate & Banstead Borough Council as sole Shareholder in this company.

As you will know, RBBC Limited has existed as a 'dormant' company since its incorporation on 30 September 2020. The original intention behind setting up the company was to retain Council ownership of the trading name and to provide an easily activated corporate entity should it be required to support future commercial activities.

However, developments in the regulations pertaining to commercial activities undertaken by local authorities (including restrictions around the use of funds borrowed from the PWLB), alongside changes in the risk appetite of the Council, mean that it is no longer necessary for the company to be retained.

Keeping the company registered – even in its dormant state – carries cost for the company, including the provision administrative support, preparation of year-end accounts, filing statutory returns with Companies House and arranging board meetings. We do not feel that these costs can continue to be either justified or supported by a company that undertakes no trading activity and, therefore, generates no income.

As the sole Shareholder in the company, we are therefore requesting that Reigate & Banstead Borough Council confirms in writing that it supports our proposal to implement, without delay, the orderly closure of RBBC Limited.

Yours faithfully,

Mari Roberts-Wood - Director

Luci Mould - Director