

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF ECONOMIC COMMITTEE ON 29 March 2022

PART A : REPORT

SUBJECT: CLOSURE OF TRISANTO DEVELOPMENT CORPORATION LIMITED

REPORT AUTHOR: Karl Roberts, Director of Place
DATE: 23 December 2021
EXTN: 37760
PORTFOLIO AREA: Economy

EXECUTIVE SUMMARY:

This report follows on from a consideration of this matter on the 8 June 2021 when it was resolved that the business case and risk register should be updated to confirm whether the Council wished to invest in the growth of the Company or whether the Company should be formally closed. This report recommends that the Company be formally closed as the business case that has been commissioned indicates that whilst there is one option that could be pursued further, there are significant risks which should be taken into account having regard to the fact that the Council has yet to develop or secure significant commercial expertise in the residential property sector.

RECOMMENDATIONS:

The Committee formally approves the closure of the Trisanto Development and appropriate actions taken to give effect to this decision.

1. BACKGROUND:

1.1 Further to the resolutions of the Economic Committee on the 8 June 2021 that

1. that the business case for Trisanto be updated and brought back to this committee, and;
2. that the risk register be updated and brought back to this committee

The Council commissioned Savills to undertake an outline business case. Their report is appended as Appendix A. The business case focused on the following.

- *Understanding what the Council wants to achieve from Trisanto*
- *What service offering should Trisanto provide*
- *The resources required to progress the continuation of Trisanto*
- *Any alternatives to the original business case for the delivery of homes through Trisanto*

- *What circumstances have changed since Trisanto's inception that may affect its future*
- *Is there potential for future financial viability?*

1.2 Three different options for using the company where considered. These are.

1. *Development Company*

This is where Trisanto remains incorporated and focuses purely on developing and selling market sale properties and delivering 30% affordable homes as required under planning obligations – with, in this case, these properties being acquired by the Council into its Housing Revenue Account (HRA). Due to a lack of council-owned developable land, Trisanto would need to be enabled to acquire land in competition from and with developers in the open market.

2. *Development Company & Subsidiary Local Housing Company*

This is where Trisanto would remain a development company and acquire land to develop. 30% of homes would be acquired within the HRA for the affordable element, whereas the remaining properties would be split or solely sold to a newly formed subsidiary housing company to be rented at either market or intermediate rent levels. Any remaining balance of homes would be sold on the open market.

3. *Subsidiary Local Housing Company*

In place of acquiring land and developing directly, Trisanto would acquire properties from a range of sources to hold and let at either market or intermediate levels.

1.3 The business case effectively rules out options 1 and 2 and whilst it indicates that option 3 could be pursued further there are risks and further work should be undertaken if option 3 was to be pursued further.

1.4 Whilst the Council clearly has an ambition to be more commercially focused to support the delivery of services to the community of Arun, it does not currently have the necessary commercial expertise internally to support what would be a significant and extensive period of investment over a long time and therefore the risks are increased. The closure of the Company is therefore considered to be the most logical step to take.

1.5 The alternative to closing the company would be for it to remain dormant. However, a dormant company still requires at least one Director. The current Director has indicated for some time a wish to no longer continue in that role if the company is to simply remain dormant. Furthermore, to date no replacement has been forthcoming either amongst senior officers or relevant senior councillors. This adds weight to the recommendation to formally close the company.

2. PROPOSAL(S):

2.1 Since the recommendation agreed by the Corporate Management Team is to not to activate the company and make it operational, and in the absence of another person wishing to come forward to be named as the Director of what will remain a dormant company it is proposed to formally close the company. The Risk Register has not been updated since the recommendation is to close the Company.

- 3. OPTIONS:**
- A) Undertake the further work indicated as being prudent in respect of option 3 and refer the matter back to the Committee
 - B) Continue with company in a dormant state including naming at least one new Director
 - C) Close the company

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		x
Relevant District Ward Councillors		x
Other groups/persons (please specify)		x

5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)

	YES	NO
Financial	x	
Legal		x
Human Rights/Equality Impact Assessment		x
Community Safety including Section 17 of Crime & Disorder Act		x
Sustainability		x
Asset Management/Property/Land	x	
Technology		x
Other (please explain)		x

- 6. IMPLICATIONS:**
- 6.1 As a registered company there are a number of steps that must be taken to give formal effect to any decision to formally close the company.
 - 6.2 Part 31 of the Companies Act 2006 applies. A company can apply to the registrar of Companies House to be struck off the register and dissolved where it is no longer needed.

- 7. REASON FOR THE DECISION:**
- 7.1 The Council has concluded that there is no longer a requirement to have a separate local housing (property) company.

8. BACKGROUND PAPERS:

OSC – 25 July 2017

<https://democracy.arun.gov.uk/Data/Overview%20Select%20Committee/20170725/Agenda/Agenda.pdf>

Special Audit & Governance – 7 August 2017

<https://democracy.arun.gov.uk/Data/Audit%20&%20Governance/20170807/Agenda/Agenda.pdf>

Cabinet – 31 July 2017

<https://democracy.arun.gov.uk/Data/Cabinet/20170731/Agenda/Agenda.pdf>

Full Council – 13 September 2017

<https://democracy.arun.gov.uk/Data/Full%20Council/20170913/Agenda/Agenda.pdf>

Cabinet Report – 29 July 2019

<https://democracy.arun.gov.uk/documents/s1907/Local%20Housing%20Company%20-%20Trisanto%20-%20Cabinet%20Report%2029.7.19%20FINAL.pdf>

Full Council minutes – 18 September 2019

<https://democracy.arun.gov.uk/documents/g769/Public%20minutes%2018th-Sep-2019%2018.00%20Full%20Council.pdf?T=11>

Economy Committee Minutes – 8 June 2021

[Printed minutes 08th-Jun-2021 18.00 Economy Committee.pdf \(arun.gov.uk\)](#)

Report by Savills – Appendix A