

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF ECONOMIC COMMITTEE ON 8 JUNE 2021

PART A : REPORT

SUBJECT: CLOSURE OF TRISANTO DEVELOPMENT CORPORATION LIMITED

REPORT AUTHOR:	Karl Roberts, Director of Place
DATE:	15 April 2021
EXTN:	37760
PORTFOLIO AREA:	Economy

EXECUTIVE SUMMARY:

This report follows the Cabinet Report of 29 July 2019 which recommended to Full Council that the Council's Local Property Company (LPC) - Trisanto Development Corporation Limited be closed as it was considered that it was no longer needed having regard to the removal of the borrowing cap on the Housing Revenue Account. However, at Full Council this recommendation was withdrawn in order to give further time to assess the need for the LPC. This report re-evaluates the situation and recommends that the Trisanto Development Corporation be formally closed and appropriate actions taken to give effect to this decision.

RECOMMENDATIONS:

To recommend to Full Council that the Trisanto Development Corporation be formally closed and appropriate actions taken to give effect to this decision.

1. BACKGROUND:

- 1.1 On 13 September 2017 Council agreed to formally confirm the establishment of a Local Housing (Property) Company – Trisanto. The proposal to establish a Council Owned Property Company had been worked on as an in-depth project as part of the 2020 Vision work undertaken by the Council. It was also agreed as part of the formal process of setting up the company that there was no specific need at that time to provide it with any working capital. Therefore, since the date of that meeting the Company has existed on paper only with Karl Roberts the only formal Director.
- 1.2 Part of the rationale for establishing the company was to explore opportunities to deliver additional homes which at that time couldn't be delivered through the Housing Revenue Account because of the borrowing 'cap' on the HRA budget. It was also seen as a potential opportunity to deliver some open market housing thereby delivering a dividend to the Council as the sole shareholder to be used in the delivery of services.
- 1.3 Now the cap has been removed and the delivery team within the housing service was expanded in order to directly commission affordable housing, a large part of

the underlying rationale for the company has been removed. Whilst, the company could still be used to deliver open market housing and other property schemes there would be substantial start-up costs to put the company in a place where it could deliver specific projects. Since the creation of the company there has not been any strong motivation either politically or operationally to make use of the company. On balance it was considered reasonable to either declare the company dormant or close the company. The advantage of the former is that it will allow the company to be re-started at some point in the future should circumstances change, rather than completely starting the process of creating a new company. However, if the company is dormant it is still necessary to send annual accounts and a confirmation statement.

1.4 Cabinet recommended at its meeting on the 29 July 2019 that the company be formally closed. However, at the subsequent Full Council meeting the recommendation was withdrawn in order to give further time to assess the need for the LPC. As a result, the company has lain dormant.

1.5 In the intervening period there has continued to be no operational or strategic reason to make use of the LPC and the financial position of the Council has changed so that the Council is even less likely to provide financial loans in the early years of the company's operation. This would mean that the company would have to operate totally in the private financial market. Therefore, the financial risks are considered to be greater. Furthermore, the emergence of the Pandemic has not only been challenging for the operation of the Council and its ability to maintain the required level of customer service, and thus non priority activities have been set aside but it has also created an increased level of uncertainty in property sector, which would question whether now is the right time to re-activate the company.

1.6 Finally, 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. However, 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 Council has no plans 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 is effectively a dormant company it is proposed to formally close the company.

3. OPTIONS:

- A) Develop an action plan to make the company active including naming new Directors
- 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 need 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>