

STANDARDS AND CONSTITUTIONAL OVERSIGHT COMMITTEE

26th November 2019

REPORT TITLE:	COUNCIL OWNED COMPANIES
REPORT OF:	Director of Governance and Assurance

REPORT SUMMARY

This report provides Members of the Committee with the information that has been requested regarding details of the companies which are wholly or partly owned by the Council.

RECOMMENDATION/S

That the Committee is recommended:

To note the contents of the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 The purpose of this report is to provide Members with information in relation to the companies which are wholly or partly owned by the Council.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options were considered.

3.0 BACKGROUND INFORMATION

3.1 Following consideration of the report of the Committee on Standards in Public Life review of Local Government Ethical Standards which recommended that as a matter of good practice:

“Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place”;

Members of the Committee requested that a report be prepared which provided information in relation to the companies which are wholly or partly owned by the Council.

4.0 COMPANIES OWNED BY THE COUNCIL

4.1 The Council currently owns shares in two active companies Edsential and Wirral Evolutions, details of which are set out below. Both are regulated by shareholder agreements in conventional form.

<p>EDSENTIAL (CRN 09550258)</p>	<p>Community Interest Company</p>	<p>50% of the issued share capital (CW&C holds the remaining 50%)</p>	<p>56290 - Other food services 85600 - Educational support services Primarily school catering and cleaning, support to creative and performing arts, governors, health and wellbeing, music, residential visits and training - More particulars can be found at https://edsential.com</p>
<p>WIRRAL EVOLUTIONS LIMITED (CRN 09589553)</p>	<p>Private Limited Company</p>	<p>100% of the issued share capital</p>	<p>88100 - Social work activities without accommodation for the elderly and disabled More particulars can be found at http://www.wirralevolutions.org/</p>

- 4.2 The Council also owns shares in two other companies both of which are currently dormant, details of which are set out below. Governance issues will need to be fully addressed before the companies commence to trade.

WIRRAL GROWTH COMPANY NOMINEE LIMITED (CRN 10669793)	Private Limited Company	100% of the issued share capital	This company was incorporated to 'hold' the Wirral Growth Company name for the limited liability partnership and has not traded. It is essentially redundant and there is no requirement to keep it, but it could easily be repurposed to accommodate miscellaneous trading activity that the council may care to enter into.
WIRRAL HOLDINGS LIMITED (CRN 11750772)	Private Limited Company	100% of the issued share capital	This is a single purpose company wholly owned by the Council - formed to enter into long term legal arrangements regarding the management of property in 10 years' time, but which has not traded and otherwise has no current assets. This company could be repurposed to discharge not only its original purpose, but also other housing or property related activities.

- 4.3 In addition to the four companies detailed above it is believed that the council holds one or more shares in or is a member of companies created to deliver various PFI schemes. However, it is believed that the council is only represented in these companies as a minority shareholder. As such the council will not usually be in a position to influence the decisions made by or the conduct of the companies.
- 4.4 The council also has an interest in the Wirral Growth Company LLP, which, despite its name and it being registered at Companies House, is not a company. It is a limited liability partnership and it is assumed that Members are familiar with the various agreements that have been entered into in respect of it.
- 4.5 In addition the council has numerous other informal arrangements, associations and 'partnerships' which either have no corporate structure or in which the council has no proprietorial interest.

5 ENGAGEMENT / CONSULTATION

- 5.1 There has been no consultation carried out specifically in relation to this report.

6 LEGAL IMPLICATIONS

- 6.1 There are long-established powers for councils to trade. Among the most important is the Local Authorities (Goods and Services) Act 1970, which authorises councils to enter into agreements with other local authorities and other designated public bodies, for the provision of goods, materials and administrative, professional and technical services, for the use of vehicles, plant and apparatus and associated staff, and for the carrying out of maintenance.
- 6.2 The Local Government Act 2003 added new possibilities to charge for services, to both provide extra services at cost and to trade with the private sector. Under the 2003 Act, the Government authorizes trading by means of a trading order. The Trading Order currently in force was made in 2009 , which permits all councils in England to trade or "to do for a commercial purpose", anything which they are authorised to do for the purpose of carrying on their ordinary functions, which includes use of the granted general power of competence.
- 6.3 Under that 2003 Act and Trading Order, as augmented by the Localism Act 2011, for a local authority to exercise the power to do things for a commercial purpose (which the authority couldn't otherwise do), then it must be done through a company. Councils are thus enabled to establish a company by which they can trade with the private sector for a profit - that is to enter into commercial contracts. The profits may then go back to the council through dividends or service charges.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no direct financial implications arising directly from this report.

8 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 8.1 There are no significant resource implications arising directly from this report.

9 RELEVANT RISKS

- 9.1 If the council has not paid for its share/s in a liquidation of a company limited by shares, it will have to pay the face value of the share/s to a liquidator. Normally shares have only a nominal value of £1 or similar. If the council is a member of a company limited by guarantee which goes into liquidation it will only have to pay the amount that it has guaranteed. Again, this is normally only a notional sum of £1.

10 EQUALITY IMPLICATIONS

- 10.1 There are no identified equality impact implications directly arising from this report.

11 ENVIRONMENTAL & CLIMATE IMPLICATIONS

11.1 There are no environmental and climate implications arising directly out of this report.

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APPENDICES

None

BACKGROUND PAPERS