

North Yorkshire County Council

Shareholder Committee

14 February 2023

Transfer of District and Borough owned Companies to North Yorkshire Council

Report of the Assistant Chief Executive (Legal & Democratic Services)

1.0 Purpose of Report

- 1.1 To provide Members with an update as to the transfer of NYCC owned companies to the new authority.
- 1.2 To seek approval of the acquisition of shares and/or interest in District and Borough owned companies.
- 1.3 To delegate to the Assistant Chief Executive (Legal & Democratic Services) to take the necessary steps required to transfer the companies.

2.0 Background

- 2.1. There are a number of companies owned by the District and Borough Councils. As part of Local Government Reorganisation (LGR) the District and Borough Councils will automatically transfer to the new authority, North Yorkshire Council. However, the ownership of the companies (including ownership of shares and membership rights) requires steps to be taken to transfer to the new authority. Shares and members interests will need to be transferred in accordance with company law procedure to ensure they can continue to operate. A list of the companies to be transferred is included at Appendix 1 (the "**Companies**").
- 2.2. The acquisition of shares in a company is a Shareholder Committee decision in accordance with the Shareholder Committee terms of reference.
- 2.3. Shares and/or interests in companies owned by North Yorkshire County Council will automatically transfer to the new authority.

3.0 Issues

- 3.1. Action is required by the District and Borough Councils to execute necessary documents to transfer the companies prior to 1 April 2023. As North Yorkshire Council will not exist until 1 April 2023, it will be necessary for North Yorkshire County Council to enter into certain agreements relating to the transfers. These documents will transfer the rights in the companies on 1 April 2023 to North Yorkshire Council.
- 3.2. There are a number of companies to be transferred. These include companies limited by shares (**CLS**) which requires the transfer of shares, a company limited by guarantee (**CLG**) which requires the transfer of membership interest and a Limited Liability Partnership (**LLP**). Therefore, the process may take some time to ensure all companies are dealt with appropriately.

4.0 Financial Implications

- 4.1. The Council will be acquiring the interest and shares in the Companies and will therefore become shareholder (or joint-shareholder) of each company as set out in Appendix 1. This may result in dividends or other payments to the Council.
- 4.2. Due diligence is currently being undertaken into each Company to identify any financial implications, such as loan agreements, guarantees and any other agreements between the shareholder and the Companies.

5.0 Legal Implications

- 5.1. As NYCC is the “Continuing Authority”, the legal entity for ownership of NYCC shares or CLG membership interest remains the same. Therefore, the shares in these companies will automatically transfer to the new authority. The company registers shall be updated and any required confirmation statements will be filed at Companies House.
- 5.2. All property, rights and liabilities of the seven District and Borough Councils shall on the 1 April 2023 vest in and transfer to the new authority in accordance with Regulation 7 of The Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008 (2008 Regulations). Whilst the 2008 Regulations transfer the rights and obligations to the new Authority, this does not negate the need to comply with the Companies Act 2006 in transferring the shares and membership interest from the District and Borough Councils to the new authority.
- 5.3. Therefore, it is necessary for North Yorkshire County Council to approve the acquisition of the shares and/or interests prior to the new authority coming into existence. This will include all necessary agreements to facilitate the transfers, such as transfer agreements and Deeds of Adherence.

6.0 Recommendations

- 6.1 The Shareholder Committee is requested to:
 - i. Approve the acquisition of shares and/or interests in the Companies as set out in Appendix 1
 - ii. Delegate the approval of the Council entering into the documents required to transfer the Companies to the new authority to the Assistant Chief Executive (Legal & Democratic Services)
 - iii. Delegate any decisions relating to the financial implications of acquiring the shares and/or membership of the Companies to the Corporate Director (Strategic Resources) and
 - iv. Authorise the Assistant Chief Executive (Legal & Democratic Services) to take all other necessary steps to facilitate the transfer of the companies or to take any other appropriate action to ensure the smooth transition to North Yorkshire Council.

Barry Khan
Assistant Chief Executive (Legal & Democratic Services)
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2 February 2023

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Background Documents: None

Appendix 1 – List of Companies to be transferred

District and Borough Council Owned Companies to be transferred

Company name and number	Council / owner	Type of company	Transfer of Shares / Membership
THE MERCURY HOUSING CO LTD, Company No. 9382244	Richmondshire	Company Limited by Shares	1 ordinary share of £1 each
82 CASTLEGATE MALTON, Company No. 7055788	Ryedale & Andrew McGlen	Company Limited by Shares	<p>Ryedale - 3 ordinary shares of £1 each</p> <p>Andrew McClen – 1 ordinary share of £1 each</p> <p>Each share has a called up share capital of £1 each. Total share capital of £4.</p> <p>Share capital to be transferred to NYC of £3.</p> <p>A proposal to strike off this company is active. The company will automatically close on 7 April 2023. However it will still need to be transferred to NYC prior to its closure.</p>
Bracewell Homes Limited, Company No. 11884226	Harrogate	Company Limited by Shares	1 ordinary share of £1 each (deed of adherence required)
Brimhams Active Limited, Company No. 12979708	Harrogate	Company Limited by Guarantee	Transfer of membership interest
Leeds City Region Revolving Investment Fund	Harrogate	Limited Partnership	Transfer any interest
Central Northallerton Development Company Limited, Company No. 9730539	Hambleton and Wykeland Properties Limited	Company Limited by Shares	<p>Hambleton – 2 Ordinary A Shares of £1 each</p> <p>Wykeland – 2 Ordinary A Shares of £1 each</p> <p>Each share has a called up share capital of £1 each. Total share capital of £4.</p> <p>Share capital to be transferred to NYC of £2.</p>
Hambleton District Holdings Limited, Company No. 12292196	Hambleton	Company Limited by Shares	1 ordinary share of £1 each

Hambleton Property Limited, Company No. 12292471	Hambleton	Company Limited by Shares	1 ordinary share of £1 each
MAPLE PARK (HAMBLETON) LLP, Company No. OC439867	Hambleton	Limited Liability Partnership	Transfer of membership (deed of adherence and transfer documents required)
VERITAU NORTH YORKSHIRE, Company No. 7931990	Veritau Ltd, Richmondshire, Selby, Scarborough, Ryedale, Hambleton	Company Limited by Shares	<p>Veritau Ltd – 5 shares</p> <p>Richmondshire – 1 share Selby – 1 share Harrogate – 1 share Scarborough – 1 share Ryedale – 1 share Hambleton – 1 share</p> <p>Each share has a called up share capital of £1 each. Total share capital of £10.</p> <p>The share capital transfer is currently being considered for this company and may be the subject of a future report.</p>