

North Yorkshire County Council

Executive

21 February 2023

Winding-up and Strike Off of Scarborough and Ryedale Community Health and Social Care Partnership CIC

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

1.0 Purpose of Report
1.1 To seek Member approval for the board of directors to apply to Companies House to voluntarily strike off Scarborough and Ryedale Community Health and Social Care Partnership CIC, a company that has not traded for over 5 years.

2.0 Background

2.1 Scarborough and Ryedale Community Health and Social Care Partnership Community Interest Company (the “Company”) was established in 2017 as a joint venture with East Coast Health Options Community Interest Company (“ECHO”).

2.2 The Company is a private company limited by shares. The nominal share capital is 100 ordinary shares. It currently has 2 shareholders: North Yorkshire County Council (51 shares) and ECHO (49 shares).

2.3 The main objective of the Company was to be a Community Interest Company (“CIC”) and was to provide Scarborough’s community health services. Unfortunately, this did not materialise due to the Company being unsuccessful in the Scarborough and Ryedale Clinical Commissioning Group procurement process for health and integrated social care services in 2017. Since then, the Company has not tendered for any further work.

3.0 Current Position

3.1 The Company has remained dormant since late 2017. Due to the changes to the NHS structures over the last few years, it was felt that Company’s original purpose was no longer relevant.

3.2 Unlike ordinary companies, CICs are not expected to stay dormant for an extended period. If they are dormant for 5 years or more the CIC will fail the community interest test and be contacted by the CIC regulator.

3.3 The Company has not carried on any activity for 5 years and therefore no longer qualifies as a CIC. It is considered that there is no longer any advantage in keeping the Company, therefore, permission is sought to formally wind up the Company. It has served its purpose and has no outstanding debts or liabilities.

3.4 The Company does not have a bank account. The only remaining value in the Company is the value of the shares. The Company has remained dormant since late 2017 and as such, it does not pay any corporation tax. It does not have any employees, it does not have any agreements with creditors, and it does not own any assets, nor have any outstanding debts or charges.

3.5 The current board of directors comprises 2 directors from each shareholder (Justine Brooksbank and Richard Webb for NYCC and Dr Jacqui Caine and Pamela Saltmer for ECHO).

3.6 ECHO have confirmed that they are happy for the Company to be struck off.

4.0 **Future of the Company**

4.1 The Company has not actively traded for over 5 years and has no bank account or funding. However, there are on-going costs for the Company to file dormant accounts and confirmation statements each year to HMRC and Companies House. Therefore to remove the administrative costs of continuing to do this, it is believed the most sensible option (both financially and commercially) is to dissolve the Company.

4.2 A CIC cannot be converted into an ordinary limited company, therefore if the Company was to continue for any other purpose it would need to be operated as a CIC.

5.0 **Financial Implications**

5.1 Before applying to Companies House to begin the process of dissolution, the Company is required to inform HMRC of its plans. Additionally, the Company must send final statutory accounts and a company tax return to HMRC, expressing that they are the final trading accounts and that the Company will soon be dissolved. The Company must also pay all corporation tax and any other remaining tax liabilities. As the Company is dormant and has not actively traded for over 5 years (or has ever traded), it is envisaged that there will be no corporation tax to pay.

5.2 When the Company was established, it was approved that a loan facility would be available to it from the Council for the working capital of the Company. This loan facility was never provided or drawn down.

5.3 It will be necessary to pay for final accounts to be prepared and the application to Companies House. The administrative cost of the application is £10.

5.4 On winding up of the company, all assets must be transferred to ECHO. This is because CIC assets can only be transferred to another CIC or charity if they are wound up so that they can be used for appropriate community purposes, and ECHO is a CIC. This is known as an asset lock.

6.0 **Legal Implications**

6.1 A CIC can be dissolved via voluntary strike off. The Company will need to put in place the actions (as set out in 5.1 and 5.4 above) before it can be dissolved. The Company must have been dormant for at least 3 months before an application for striking off can be made to Companies House. The application must be signed by a majority of the directors.

6.3 Once an application for striking off has been received by Companies House, a formal notice will be published in the London Gazette. If there are no objections, the Company will be struck off the register after a period of 2 months has passed as stated in the notice. A second notice will then be published in the London Gazette, meaning the Company will no longer exist.

7.0 **Human Resources Implications**

7.1 As the Company does not have any employees, there will be no implications in respect of redundancies or payment of final wages, PAYE and national insurance contributions. As part of the requirement to inform HMRC of its plans, the Company will confirm this position.

8.0 Equalities Implications

8.1 Officers have completed an equality impact assessment initial screening form (Appendix 1) and do not believe that the proposal has an adverse impact of any of the protected characteristics identified in the Equalities Act 2010.

9.0 Risk Implications

9.1 Although the Company is dormant and is not actively trading, it is still required to file annual accounts and confirmation statements to HMRC and Companies House at a cost to the Company. Striking off the Company will remove those costs.

10.0 Climate Change

10.1 There are no climate changes implications arising from the report.

11.0 Recommendation

11.1 The Executive are requested to:

- i. Approve the winding up of the Company;
- ii. Authorise the Company's directors to apply to Companies House to for the voluntarily Strike Off of the Company;
- iii. Delegate any decisions relating to the financial implications of winding up the Company to the Corporate Director (Strategic Resources); and
- iv. Authorise the Assistant Chief Executive (Legal and Democratic Services) to take all other necessary steps to facilitate the strike off of the Company.

BARRY KHAN

Assistant Chief Executive (Legal and Democratic Services)

8 February 2023

Author of Report: Bethany Bilby

Background Documents: None

Appendix: EIA Initial Screening Form

Appendix 1

Initial equality impact assessment screening form (As of October 2015 this form replaces 'Record of decision not to carry out an EIA')			
This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
Directorate	Central Services		
Service area	Legal and Democratic Services		
Proposal being screened	Dissolving a limited company		
Officer(s) carrying out screening	Bethany Bilby		
What are you proposing to do?	The County Council wishes to obtain approval to close Scarborough and Ryedale Community Health and Social Care Partnership CIC and apply to Companies House to have it struck off the Register.		
Why are you proposing this? What are the desired outcomes?	The Company is not actively trading and there are no plans to use this vehicle for future opportunities.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	No. The Company does not have any employees.		
Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC's additional agreed characteristic			
As part of this assessment, please consider the following questions:			
<input type="checkbox"/> To what extent is this service used by particular groups of people with protected characteristics? <input type="checkbox"/> Does the proposal relate to functions that previous consultation has identified as important? <input type="checkbox"/> Do different groups have different needs or experiences in the area the proposal relates to?			
If for any characteristic it is considered that there is likely to be a significant adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your Equality rep for advice if you are in any doubt.			
Protected characteristic	Yes	No	Don't know/No info available
Age		✓	
Disability		✓	
Sex (Gender)		✓	
Race		✓	
Sexual orientation		✓	
Gender reassignment		✓	
Religion or belief		✓	
Pregnancy or maternity		✓	
Marriage or civil partnership			
NYCC additional characteristic			
People in rural areas		✓	
People on a low income		✓	
Carer (unpaid family or friend)		✓	