

North Yorkshire Council

Executive

5 November 2024

Closure of Brimhams Active Limited

Report of the Assistant Director, Culture, Leisure, Archives & Libraries

1.0 PURPOSE OF REPORT

- 1.1 To obtain approval to dissolve Brimhams Active Limited, being a wholly owned Council company that will cease to trade on 1 December 2024 when its operations are brought in-house.

2.0 BACKGROUND

- 2.1 Brimhams Active Limited (“Brimhams” or “the Company”) was incorporated on 28 October 2020 by Harrogate Borough Council as a wholly-owned ‘Teckal’ company to operate sports and leisure centres and provide sports, leisure services and associated services within the borough of Harrogate. As a result of local government re-organisation, the ownership of the company was subsequently transferred to North Yorkshire Council on 1 April 2023.
- 2.2 In January 2024 the Executive resolved that all of the Council’s leisure services would transfer to a single in-house model.
- 2.3 The transfer from Brimham’s to the Council of the leisure services and the Company’s assets, debts and liabilities is proposed to take effect on 1 December 2024. Once this transfer has taken place, Brimham’s will cease trading and become dormant. The leisure services will fall under the ‘Active North Yorkshire’ branding which covers the Council’s sport and active wellbeing service. There may be some residual use of the Brimham’s branding after 1 December 2024 but this will be temporary.
- 2.4 Consequently, it is proposed that the Company shall apply to have its name struck off the companies register and dissolved. This process is known as voluntary strike off.
- 2.5 Striking the Company's name off the register will have a number of benefits given that the company will not be otherwise active. Such benefits include removing the costs and burdens associated with keeping a company on the register and the need for even a dormant company to have at least one individual director.

3.0 ALTERNATIVE OPTIONS CONSIDERED

- 3.1 The voluntary strike off procedure is not the only way a company may be struck off and dissolved. The other options are:

- Do nothing and await involuntary strike off. The registrar has the power to strike off a company that it has reasonable cause to believe is not carrying on business or in operation (also known as a defunct company.) There is no certain period within which Companies House will decide to take such action. By making a voluntary application the uncertainty is removed.
- Put the company into liquidation. This is the most costly of the procedures for terminating a company.

4.0 FINANCIAL IMPLICATIONS

4.1 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 the Company will soon be dissolved. The Company must also pay all corporation tax and any other remaining tax liabilities, if any.

5.0 LEGAL IMPLICATIONS

5.1 The Company must have been dormant for at least 3 months before an application for striking off can be made to Companies House. Therefore, the earliest that action can be taken to formally wind-up the Company will be 1 March 2025.

5.2 Brimhams Board of Directors will need to make the application to Companies House to strike-off the Company.

5.3 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.

6.0 EQUALITIES IMPLICATIONS

6.1 There are no equalities implications arising directly from this decision, which is a technical decision required to enable the creation of a single in house leisure service (see Appendix A). The equalities implications arising from the outcomes of the Strategic Leisure Review and the decision to bring services back in house were covered in the report to the Executive in January 2024 as below.

“An Equalities impact screening has been undertaken. The outcome of the Review overall should have a positive impact in terms of the new delivery model, which has a greater focus on health, well being, inclusion and targeted services.

Engagement with a range of groups has been undertaken to inform the review, including those with protected characteristics.²

7.0 CLIMATE CHANGE IMPLICATIONS

7.1 There are no climate change implications arising directly from this decision, which is a technical decision required to enable the creation of a single in house leisure service (see Appendix B). The climate change implications arising from the outcomes of the Strategic Leisure Review and the decision to bring services back in house were covered in the report to the Executive in January 2024 as below.

A climate change screening has been completed. The proposal to review the leisure provision across North Yorkshire does not warrant a full CClA to be undertaken at this stage. The review itself will have a negligible impact on climate change.

The leisure estate does have an impact on a number of the environmental factors above, namely: greenhouse gases, waste, water use, and pollution and the service is actively looking to mitigate these factors with low carbon plans and capital investment in solar panels and ASHPs.

The Leisure Investment Strategy will make recommendations relating to individual sites and consideration of climate change impacts and further assessments will be part of this stage.

8.0 RISK MANAGEMENT IMPLICATIONS

8.1 Although the Company will become dormant from 1 December 2024 and will not be actively trading, it will still be required to file annual accounts and confirmation statements to HMRC and Companies House at a cost to the Company. Dissolving the Company will remove those costs.

9.0 HUMAN RESOURCES IMPLICATIONS

9.1 No direct implications arising from this decision.

10.0 REASONS FOR RECOMMENDATIONS

10.1 To enable the dissolution of Brimham's Active as a company to support the enactment, in an efficient way, of the wider decision to create a single in house leisure service (Active North Yorkshire).

11.0 RECOMMENDATION(S)

11.1 The Executive are requested to:

11.1.1 approve the application to strike off and dissolve Brimhams Active Limited;

11.1.2 authorise the Company's directors to apply to Companies House for the voluntary strike-off of the Company;

11.1.3 delegate any decisions relating to the financial implications of the dissolution the Company to the Corporate Director (Resources); and

11.1.4 authorise the Assistant Chief Executive (Legal and Democratic Services) to take all necessary steps to facilitate the strike-off of the Company.

APPENDICES:

Appendix A – Equalities Impact Assessment

Appendix B – Climate Impact Assessment

BACKGROUND DOCUMENTS:

Executive Report and Decision of 9 January 2024

Jo Ireland, Assistant Director (Culture, Leisure, Archives & Libraries)

County Hall

Northallerton

16/10/24

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Presenter of Report – Jo Ireland: Assistant Director

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.