

# Commercial Revenue Committee Agenda

Monday 1 November 2021

6.30 pm

Meeting Room 1 (2nd Floor) - 3 Shortlands, Hammersmith, W6 8DA

## MEMBERSHIP

<b>Administration:</b>
Councillor Max Schmid – Chair Councillor Adam Connell Councillor Sharon Holder (substitute member)

### Public Notice

The meeting is open to the press and public, but spaces are limited due to social distancing requirements. If you would like to attend the meeting in person, please contact: [bathsheba.mall@lbhf.gov.uk](mailto:bathsheba.mall@lbhf.gov.uk). Should exempt information need to be discussed the committee will pass a resolution requiring members of the press and public to leave.

You can also watch live on YouTube: <https://youtu.be/5H6tkOTqyNM>



### Shortlands

3 Shortlands,  
Hammersmith,  
London W6 8DA

-  Closest Underground Station  
Hammersmith
-  Closest Bus Stop  
Latymer Court (Stop G)

### CONTACT OFFICER:

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Members of the public are welcome to attend. The building has disabled access.

Date Issued: 22<sup>nd</sup> October 2021

# Commercial Revenue Committee

## Agenda

1 November 2021

<u>Item</u>		<u>Pages</u>
<b>1. MINUTES OF THE MEETING</b>	To approve as an accurate record, and the Chair to sign the minutes of the meeting held on 29 <sup>th</sup> April 2021.	4 - 5
<b>2. APOLOGIES FOR ABSENCE</b>		
<b>3. DECLARATIONS OF INTEREST</b>	<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.</p>	
<b>4. DISSOLUTION OF LBHF JOINT VENTURES LIMITED (10812552)</b>	This report recommends that the council, as shareholder of LBHF Joint Ventures Limited, agree to pursue a dissolution. LBHF Joint Ventures Limited is a company jointly established between the London Borough of Hammersmith and Fulham (LBHF) and Intrum, previously known as 1 <sup>st</sup> Credit Limited.	6 - 21
<b>5. FUTURE DATES OF MEETINGS</b>	To be arranged.	



London Borough of Hammersmith & Fulham

## **Commercial Revenue Committee Draft Minutes**

**Thursday 29 April 2021**

### **PRESENT**

**Committee members:** Councillors Max Schmid and Adam Connell

**Officers:** Veronica Barella, Chief Information Officer; Rhian Davis, Director of Resources; Geoff Hay, Senior Contract and Finance Manager; Emily Hill, Director of Finance; Sharon Lea, Strategic Director of Environment; and David Pearlman, Head of Commercial and Sales

#### **1. APOLOGIES FOR ABSENCE**

None.

#### **2. DECLARATIONS OF INTEREST**

None.

#### **3. MINUTES OF THE PREVIOUS MEETING**

##### **RESOLVED**

That the minutes of the previous meeting held on 17<sup>th</sup> March 2021 be agreed as an accurate record.

#### **4. DISCUSSION OF EXEMPT ELEMENTS (IF REQUIRED)**

##### **RESOLVED**

That under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

## **5. WINDING-UP & DISSOLUTION OF H&F BRIDGE PARTNERSHIP LIMITED**

Veronica Barella presented the report and explained that H&F Partnership Limited (HFBP) had laid dormant for two years and that on the dissolution of the company the final dividends would be proportionally shared between the two partners, Agilisys and H&F. It had been agreed with Agilisys that H&F would complete the process required as a shareholder within five weeks and a request was also made to align key procedural dates between the two partner organisations. The Committee noted the financial details and procedural requirements set out in pages 5 and 6 respectively of the exempt appendices' agenda.

In response to a query from Councillor Connell, Geoff Hay confirmed that any surplus would be proportionately shared between H&F and Agilisys. Councillor Schmid sought further clarification about the credit rating of the appointed liquidator. Officers reported that the Chief Financial Officer from Agilisys had confirmed that in undertaking their own due diligence they were satisfied that the appointed liquidator would be sufficiently robust as a company to complete the necessary procedural steps required. It was also confirmed that risk to H&F was minimal and that it was highly unlikely that a new liquidator might be required.

### **RESOLVED**

1. That H&F's shareholders agreed to the distribution of H&F Bridge Partnership's retained profit in line with the council's shareholding, and for this decision to be recorded by H&F shareholders signing the Final Dividend Approval form;
2. That the council paid the outstanding debt as detailed in exempt Appendix 1a to H&F Bridge Partnership Limited, and this to be processed separately from the final dividend amount being paid to H&F; and
3. That H&F's shareholders of H&F Bridge Partnership Limited sign the Shareholder Written Resolution document which lists 7 resolutions for the formal commencement of company winding-down process to start via the Members Voluntary Liquidation (MVL) process, this includes the handover of the administration of the company to the appointed liquidator as set out in exempt Appendix 1c.

Meeting started: 6pm  
Meeting ended: 6.15pm

Chair .....

Contact officer:     Bathsheba Mall  
                             Committee Co-ordinator  
                             Governance and Scrutiny  
                             ☎: 07776672816  
                             E-mail: Bathsheba.mall@lbhf.gov.uk

**Report to:** Commercial Revenue Committee

**Date:** 1 November 2021

**Subject:** Dissolution of LBHF Joint Ventures Limited (10812552)

**Report author:** David Pearlman, Head of Commercial and Sales

**Responsible Director:** Emily Hill, Director of Finance

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### SUMMARY

LBHF Joint Ventures Limited is a company jointly established between the London Borough of Hammersmith and Fulham (LBHF) and Intrum, previously known as 1<sup>st</sup> Credit Limited, and was incorporated on 9 June 2017 following a Framework Agreement. On the same date, the Council entered into an agreement with 1<sup>st</sup> Credit and LBHF Joint Ventures Limited for debt collection services which has now expired.

The company was established to pursue the collection of resident debt in an ethical manner and to “sell” the concept of ethical debt collection to other local authorities and public bodies, on a commercial basis.

This report recommends that the council, as shareholder of LBHF Joint Ventures Limited, agree to pursue a dissolution.

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### RECOMMENDATIONS

1. Appendix 1, Appendix 2, Appendix 3, Appendix 4 and Appendix 5 are not for publication on the basis that they contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. That Commercial Revenue Committee, acting as the shareholder, agrees to the formal commencement, by the directors, to the application to dissolve LBHF Joint Ventures Limited and its removal from the Companies Register through the completion of form DS01.
3. That Commercial Revenue Committee, as the shareholder, agrees to the distribution of shareholder funds in LBHF Joint Ventures Limited, prior to dissolution and in proportion to the company's shareholding.

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**Wards Affected:** All.

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Our Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	Ethical debt collection will continue to be the Council's debt collection method.
Being ruthlessly financially efficient	Opting to strike off the company is the most cost efficient method of dissolving the business. Ongoing there will be a net cost saving to collecting debt.

## Financial Impact

Details on the forecast of retained profits are contained in the Appendix 3 (Exempt)

## Legal Implications

This report recommends closing LBHF Joint Ventures Limited by means of a voluntary strike off or dissolution, a common means of closing a company where the company is no longer trading. To achieve this, a majority of the Directors must sign a DS01 form and send it to Companies House. The assets of the company should be dealt with before applying including closing bank accounts and transferring domain names.

Once the application has been made, a notice of the proposal to strike off is published to give interested parties the opportunity to object. If there are no objections or other reasons for delay, the company will be struck off the register not less than 2 months after the date the notice is published.

The Commercial Revenue Committee is the relevant decision maker in respect of the recommendation (Part 3, 3.4.7 of the Constitution).

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## Contact Officers

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Verified by Emily Hill, Director of Finance

Name: Angela Hogan  
Position: Chief Solicitor (Contracts and Procurement)

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## **Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

#### **Background**

1. LBHF Joint Venture Limited is a joint venture between LBHF and Intrum Limited (formally 1<sup>st</sup> Credit Limited) with a share capital comprising of 100 ordinary shares. LBHF owns 51 shares and Intrum Limited 49.
2. The Board of LBHF Joint Ventures met on 21 June 2021 and resolved to recommend the company be struck from the Companies Register. A copy of the Business of the Meeting and Minutes are contained in Appendix 1 (Exempt).

#### **Options**

3. Option 1 (preferred) is to approve the Board recommendation and apply to strike LBHF Joint Ventures Limited from the Companies Register by completing Companies House form DS01. The company will have to cease trading three months before lodging the application to dissolve. Prior to completing the form shareholder funds will be distributed in proportion to shareholding. Forecasts are included in the latest set of Management Accounts in Appendix 3 (Exempt).
4. Option 2 is to apply for a Members Voluntary Liquidation which would involve the appointment of a Liquidator. The company is solvent but with a small turnover. Liquidation costs would be several thousands of pounds and would be a far more expensive and time consuming option. Following liquidation, the liquidator would then apply to have the company formally dissolved, as in option 1.
5. Option 3 would be to do nothing. Given the Board of LBHF Joint Ventures has recommended dissolving the company and Intrum Limited have made clear their desire to leave the joint venture partnership, this option is not viable.

#### **Reasons for Decision**

6. The initial term of the framework agreement that established the company has expired and Intrum Limited have confirmed they have no desire to continue the arrangement.

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7. Despite best efforts, uptake from other Local Authorities has been minimal with no continuation following initial trial periods.
8. LBHF will continue to use ethical debt collection methods. Agreement has been reached to return live collection cases for housing benefit overpayments and former tenant rent arrears collection to LBHF.
9. LBHF housing benefit overpayments collection is the largest activity representing 78% of spend. Returning collection inhouse is expected to generate a significant cost saving. Appendix 4 (Exempt) details a breakdown.
10. LBHF former tenant rent arrears moving to inhouse collection is expected to generate a small saving to the HRA. Appendix 5 (Exempt) details a breakdown.

### **Strike Off Process**

11. To strike off a company from the Company Register form DS01 must be completed and signed by a majority of directors. The company must have ceased trading three months prior to application.
12. The request will be published in the Gazette and if no objections the company will be struck off after 2 months.
13. Within 7 days of applying to strike off the company a copy of DS01 must be sent to all interested parties. In this case just shareholders as there are no direct employees and any creditors will have been satisfied prior to application to strike off the company.
14. Any business assets will be shared among the shareholders in proportion to shareholding before the company is struck off.
15. Final statutory accounts and a Company Tax Return must be sent to HMRC and any outstanding tax liabilities satisfied. These accounts do not require external audit as the company falls under the Small Companies Exemption criteria.
16. The strike off process will be managed by the Board of LBHF Joint Ventures Limited.

### **Equality Implications**

17. There are no Equality nor Diversity implications related to this report – the Council will continue to collect debts in an ethical manner.

### **Risk Management Implications**

18. The report recommends the dissolution of LBHF Joint Venture Ltd, which has been agreed by the board of directors as the appropriate course of action given the limited uptake on the services offered to other local authorities. The preferred option is in line with the Council objective of being ruthlessly



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financially efficient and will result in a proportion of any remaining assets, once costs have been disbursed, returning the Council.

Implications completed by David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 07817 507 695

### **Climate and Ecological Emergency Implications**

19. There are no Climate nor Ecological Emergency implications related to this report

### **LIST OF APPENDICES**

**Exempt Appendix 1 LBHF Joint Ventures Board Minutes**

**Exempt Appendix 2 Exempt financial comments**

**Exempt Appendix 3 LBHF Joint Ventures Limited Management Accounts**

**Exempt Appendix 4 Housing Benefit Overpayment Plans**

**Exempt Appendix 5 Rent Arrears Collection Plans**

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of the Local Government Act 1972.

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