

LONDON BOROUGH OF HAMMERSMITH & FULHAM

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

SUMMARY

LBHF Joint Ventures Limited is a company jointly established between the London Borough of Hammersmith and Fulham (LBHF) and Intrum, previously known as 1st Credit Limited, and was incorporated on 9 June 2017 following a Framework Agreement. On the same date, the Council entered into an agreement with 1st 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.

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 Appendix 1, Appendix 2, Appendix 3, Appendix 4 and Appendix 5 are not for publication on the basis that they contains information relating to the financial or business affairs of any particular person (including the authority holding that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.

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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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

Background

1. LBHF Joint Venture Limited is a joint venture between LBHF and Intrum Limited (formally 1st 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