

DECISION-MAKER:	CABINET
SUBJECT:	Dissolution to Terminate PSP Southampton LLP
DATE OF DECISION:	19 December 2023
REPORT OF:	COUNCILLOR BOGLE CABINET MEMBER FOR ECONOMIC DEVELOPMENT

<u>CONTACT DETAILS</u>			
AUTHOR:	Title	Head of Economic Development & Regeneration	
	Name:	Nawaz Khan	Tel: 023 80
	E-mail:	Nawaz.Khan@southampton.gov.uk	
Director	Title	Executive Director, Place	
	Name:	Adam Wilkinson	Tel: 023 80
	E-mail:	Adam.Wilkinson@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>The PSP Southampton Limited Liability Partnership (LLP) was incorporated in August 2014, after a Cabinet approval that July, to form a joint venture (JV) solely controlled by Southampton City Council (SCC) and PSP Facilitating Limited (PSPF).</p>	
<p>PSPF was merged with another company under common ownership in 2022 and since then there has been a shift in strategic approach and a decision by management to move away from the LLP model. As a result, PSPF is working to dissolve the LLPs in which it has an interest, in an orderly and professional way.</p>	
<p>In July 2023 a formal letter was presented to the Council to provide a Notice of Dissolution, in accordance with clause 13 of the original Members' (Partnership). PSP Southampton LLP has not actively traded since 2020/21.</p>	
<p>Following discussions between PSPF's management and the Head of Economic Development & Regeneration, the parties have agreed to recommend the dissolution of the LLP.</p>	
<p>On the advice of the Director of Governance, Legal and HR, an approval is required from Cabinet to agree to the winding up of this partnership and a delegated authority to be provided to the Executive Director of Place to confirm the Council's agreement with Companies House for the partnership to be stuck-off.</p>	
RECOMMENDATIONS:	
(i)	It is recommended that Cabinet approve the dissolution to terminate PSP Southampton Limited Liability Partnership by PSPF.
(ii)	Cabinet agrees a delegated authority to be provided to the Executive Director of Place, to sanction the administrative actions, through

	PSPF and Companies House required to strike-off the partnership and in the closure of the company accounts.
REASONS FOR REPORT RECOMMENDATIONS	
1.	PSP Southampton LLP has not actively traded since 2020/21 and is now defunct, aside of a final financial settlement. The partnership is no longer valid as a joint venture.
2.	If the LLP is not struck-off, then SCC will unnecessarily incur the additional administrative costs, including audit, tax, or companies house fees, for an additional year of compliance. In addition, SCC may well be liable to administer the LLP to ensure compliance, incurring further costs. In this instance it is likely that the residual profits and reserves will be needed to administer the LLP and fund the filing of accounts in 2023/24.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	Sustain the LLP to enable further regeneration and development projects to come forward. This option has been rejected as PSPF was merged with another company under common ownership in 2022 and since then there has been a shift in strategy, away from the LLP model.
4.	Reconstitute the LLP with another partner. The process of reconstituting the LLP with another partner is a complex one in legal and administrative terms. If SCC determines to develop a new relationship with another strategic property partner, then the process of establishing a new JV entity will be simpler and more cost effective.
DETAIL (Including consultation carried out)	
5.	The Cabinet Member for Economic Development was consulted on the 24 November 2023, through a Cabinet Member Briefing and a paper provided with all the relevant background detail.
6.	Consultation is ongoing with PSPF on SCC's approvals process. Since the partnership has not brought forward any projects since 2020, officers do not believe there are any creditors of the partnership who need to be informed of the winding up, nor are there any contracts which need to be novated to either PSP Facilitating Limited or the Council.
7.	PSPF previously worked with English local authorities via such JV vehicles, to assist them in creating and protecting value from their land and property assets, through viable development and regeneration projects.
8.	The LLP provided an opportunity to facilitate development and regeneration projects, making use of private sector funding, additional resources, and skills. However, it was determined and agreed that the LLP was unable to bring forward financially viable proposals.
9.	The PSP LLP model was based on a 50:50 share of net development returns between the public and private sector partners.
10.	Through this model, PSP has provided expertise and has administered the legal entities, whilst sharing the financing risk on approved projects. The bulk of projects involve delivering best value from the disposal of local authority assets, although other asset management and development projects were delivered.

11.	It was anticipated that the partnership might be able to respond more quickly to market opportunities and drive greater value, however the PSPF struggled to unlock some complex schemes, including on Drivers Wharf, Northam and a high street site.
12.	If the LLP administration is addressed before the 31 December 2023, it is possible to avoid incurring any additional audit, tax, or companies house fees for an additional year of compliance.
13.	The following process is proposed to strike-off the partnership: <ul style="list-style-type: none"> • PSPF shall ensure that the VAT registration shall be ended. • The bank account will be closed. • PSPF will prepare and submit a final tax return to HMRC.
14.	A written resolution of the Partnership is passed to approve the dissolution of the entity. The Notice of Dissolution, if signed by both parties, serves that purpose. PSPF will then file online a LLDS01 form with Companies' House to request the strike-off and the Executive Director of Place will be required to provide confirmation.

RESOURCE IMPLICATIONS

Capital/Revenue

15.	The partners are now proposing to progress the dissolution of this Limited Liability Partnership. The PSP Southampton LLP currently has just under £9,898 of net assets comprising cash, reflecting the previous payments of profit distribution from past project completions. Of this, £8,073 is due to the City Council and the balance due to PSPF.
16.	Further to the end of the most recent financial year (31 March 2023), PSPF will procure and file the final corporation tax return for the LLP to avoid incurring any additional audit, tax, or Companies House fees for an additional year of compliance. If the LLP is not terminated, then SCC might be liable for these costs in the next financial year.

Property/Other

17.	PSP Southampton LLP hasn't actively traded since the disposal of a site at Drivers Wharf was completed. Prior to that, the LLP worked on a limited number of sites including on the High Street and at Coopers Wharf.
18.	It was determined and agreed that the LLP was unable to bring forward financially viable proposals for Scholars Arms and did not have the resource capacity to take forward proposals on the Drivers Wharf site.
19.	As the partnership is now defunct and has not brought forward any projects since 2020 when SCC reacquired the Drivers Wharf site.
20.	No assets are currently held or options to grant development sites to the LLP agreed.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

21.	S.1 Localism Act 2011 (General Power of Competence) and
-----	---

Other Legal Implications:

22.	Under Companies Legislation a n LLP may be 'struck off' the Companies Register if it is solvent, has not traded within the last 3 months, is not threatened with liquidation and has no outstanding debt management Agreements (eg Company Voluntary Arrangements) with any creditors.
23.	Copies of all company records and business documentation is required to be retained for a period of 7 years after the company is successfully struck off and closed down with HMRC etc.
RISK MANAGEMENT IMPLICATIONS	
24.	Both financial and resource risks arise in needing to self-administer the LLP for another financial year.
25.	The formal, managed proposal from PSPF mitigates most risks and as such this proposed approach, as described in the Notice of Dissolution, to formally strike off the LLP, is recommended.
POLICY FRAMEWORK IMPLICATIONS	
26.	The proposals are in accordance with / do not conflict with any element of the Council's approved Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None.

Documents In Members' Rooms

1.	None.
----	-------

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
---	-----------

Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
--	-----------

Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	
2.	