
TITLE: ESPACE SOUTH

Committee: Finance & Assets Committee

Date: 26 September 2019

Author: Director Commercial

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1.0 ISSUE

- 1.1 To consider the winding up of East Cambridgeshire Business Centres Limited and transferring assets to East Cambridgeshire District Council.

2.0 RECOMMENDATION

- 2.1 Members are requested to:

- i) Approve the winding up of East Cambridgeshire Business Centres Limited and transferring assets to East Cambridgeshire District Council, and
- ii) Delegate authority to the Finance Manager and Legal Services Manager to complete the necessary financial and legal documentation

3.0 BACKGROUND/OPTIONS

- 3.1 East Cambridgeshire District Council (ECDC) owns and operates two business centres; E-space North in Littleport and E-space South in Ely. Both centres are run as a single operation with staff employed by ECDC. This report focuses on E-space South in Ely.
- 3.2 E-space South was built in 2000/01 with funding from the Regional Development Agency, EEDA/Business Link. Business Link were a 20% minority shareholder with ECDC holding 80% majority shares. For that purpose East Cambridgeshire Business Centres Limited (ECBC Ltd) was formed in 1999.
- 3.3 In 2008/09 ECDC acquired Business Links' 20% shareholding and ECDC became the sole shareholder.
- 3.4 Officers, working with Price Bailey, have reviewed whether there is still a need for E-space South to continue to operate as a trading company or whether ECBC Ltd should be wound up with assets transferring to ECDC.
- 3.5 The review considered:
- The purpose and benefit of setting up ECBC Ltd

- For historic reasons the company has duplicated some processes including banking arrangements (three bank accounts)
- The additional administrative burden, for example, preparation and audit of statutory accounts
- The tax implications of winding ECBC up and transferring the assets to ECDC

3.6 The conclusion of the review is that there is neither an operational nor foreseeable strategic benefit to having a separate company. There would however be benefits to winding up ECBC Ltd and transferring the asset to ECDC. These benefits include:

- Audit cost savings (current Price Bailey carry out an annual audit)
- Surpluses that are generated will benefit ECDC and the need to pay Corporation Tax will be removed
- Cash held by ECBC Ltd will benefit ECDC
- No need to submit annual accounts to Companies House and HMRC
- Streamlined internal administration

For these reasons it is recommended that ECBC Ltd is wound up and the asset transferred to ECDC. For the avoidance of doubt, ECDC will continue to run the service as is. This proposal is merely an exercise in ensuring administrative efficiency.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

4.1 There will be no costs to ECDC. There are unknown costs associated with the winding up of ECBC Ltd, these will be met from the funds held by ECBC Ltd.

4.2 EIA not required.

5.0 APPENDICES

5.1 None.

Background Documents

None

Location

Room 106
The Grange,
Ely

Contact Officer

Emma Grima
Director Commercial
(01353) 616960
E-mail:

emma.grima@eastcambs.gov.uk