

Meeting: Shareholder Board
Date: 14 August 2023
Classification: Part 1
Key Decision: No
Title of Report: PSP Southend LLP Dissolution

Executive Director: Alan Richards, Executive Director for Growth and Housing
Report Author: Glyn Halksworth – Director of Regeneration and Housing

1. Executive Summary

- 1.1 PSP Southend LLP is a 50:50 Limited Liability Partnership (LLP) established in December 2011 between the Council and PSP Facilitating Ltd.
- 1.2 Over recent years, PSP Facilitating Ltd has undergone some significant changes, including changes to funders and controlling parties.
- 1.3 Recently, PSP has undergone a business plan review and decided to remove its Limited Liability Partnership (LLP) offer from the market. It has therefore confirmed to the Council that it wishes to dissolve PSP Southend LLP by mutual consent.

2. Recommendations

2.1 It is recommended that Shareholder Board note the report and recommend to Cabinet that:

- 2.1.1 PSP's decision to remove the Limited Liability Partnership (LLP) offer from the market and to seek to dissolve PSP Southend LLP by mutual consent, subject to the relevant Joint Venture (JV) partner agreement, is noted.
- 2.1.2 The Council, as JV partner, agrees to the dissolution of PSP Southend LLP by mutual consent, and that the detailed exit arrangements are progressed with the detail of this is delegated to officers to ensure that the dissolution is managed pragmatically, with all relevant intellectual property and sums due to the Council secured from PSP.
- 2.1.3 Cabinet note, that for the reasons set out in 6.3 and 6.4 below, there will be no further reports to Shareholder Board in respect of PSP Southend LLP (unless there is any change to the position set out) and that at the relevant time, the Council's representatives on the LLP will resign for their roles on the LLP.

3. Background

- 3.1 PSP Southend LLP (The LLP) has provided one option for the Council to consider in relation to land development and property projects where using the LLP can be demonstrated to be the best option. Example projects which have been completed include the redevelopment of Hinguar Primary School, Saxon Lodge and the former Library, Community Centre and Pupil Referral Unit on Constable Way.
- 3.2 A letter is attached at **Appendix 1** which clearly sets out PSP's position in relation to its LLP offer.
- 3.3 All work on the small number of projects which the LLP has been looking at has now stopped and there will be no further project expenditure. Most recently the LLP was engaged in looking at the development potential of Brunel Road, Futures college site, Ilfracombe Car Park and Princes Avenue/Nestuda Way. Work on these sites will now continue within the pipeline team and the Council will secure the benefit of all work undertaken to date through the LLP as part of the LLP dissolution.

4. Reasons for Decisions

- 4.1 The dissolution of PSP Southend LLP at this time is the right decision for both JV partners which have agreed, subject to the relevant approvals, that a swift dissolution by mutual agreement is the preferred course of action.

5. Other Options

- 5.1 The Council could refuse to dissolve the LLP by mutual consent, however PSP has clearly indicated its intention to withdraw the offer from the market in any event, so retaining the LLP would lead only to ongoing costs and resources with no output.

6. Financial Implications

- 6.1 All financial implications will be dealt with in detail as part of the dissolution of the LLP and the final accounts and dissolution papers will be submitted to Companies House as part of the statutory public record.
- 6.2 It is anticipated that the Council will receive approximately £800,000 from the LLP in capital payments once all relevant matters have been concluded and the treatment of this capital receipt will be agreed with the Council's s.151 officer.
- 6.3 Regarding the financial accounts, statutory accounts for the 2021/22 financial year were filed with Companies House last year and reported through Shareholder Board.
- 6.4 Since 31 March 2022 there has only been a limited amount of project or administrative expenditure incurred, with no other trading activity. Therefore, as

long as the LLP is dissolved before 31 December 2023, there will be no requirement to file statutory accounts for 2022/23 as the entity will have ceased to exist before that filing deadline.

7. Legal Implications

- 7.1 The intention of the parties is to dissolve the partnership by mutual consent and appropriate legal and financial advice will be taken as this is progressed to conclusion with all relevant legal matters duly considered.
- 7.2 The statutory accounts position is addressed at 6.3 and 6.4 above.
- 7.3 The Council's current PSP Southend LLP representatives, currently the Executive Director Growth and Housing and Director of Regeneration and Housing, will both resign their LLP positions once all necessary business has been transacted and the roles are no longer required.
- 7.4 The dissolution of the LLP is a matter reserved for the JV partners therefore requires a recommendation from Shareholder Board to the Cabinet to agree the this action. Thereafter, the practical matters can be delegated to, and dealt with by officers of the Council and the Council's LLP Representatives as appropriate.
- 7.5 Declaration of interest – Alan Richards and Glyn Halksworth are the Council's representatives on the PSP Southend LLP Management Board.

8. Policy Context

- 8.1 Compliance and prudent management of the Council's joint ventures.

9. Carbon Impact

- 9.1. There is no carbon impact arising from this report or associated decisions.

10. Equalities

- 10.1. There are no equalities considerations arising from this report or associated recommendations.

11. Consultation

- 11.1. There is no requirement for consultation with regard to this report or the associated recommendations.

12. Appendices

- 12.1. **Appendix 1**: Letter from PSP