



City of Westminster

Shareholder Committee

Meeting or Decision Maker:	Shareholder Committee
Date:	27/03/2023
Classification:	For general release
Title:	Dissolution of Westminster Procurement Services
Wards Affected:	All/None
Company Affected:	Westminster Procurement Services Limited
Policy Context:	The Closure of the company will return funds to the Council's general fund.
Key Decision:	No
Report of:	Gerald Almeroth – Executive Director for Finance and Resources

1. Executive Summary

- 1.1 This paper is brought to Shareholder Committee for discussion and recommendation ahead of the required Cabinet decision to dissolve Westminster Procurement Services
- 1.2 The Council established a local authority trading company, Westminster Procurement Services (WPS), in 2016 for the purpose of developing traded procurement consultancy services, wholly owned by the City Council, to enable the City Council to take advantage of the powers to trade for profit included in s95 Local Government Act 2003.
- 1.3 The Council, via the wholly owned company, also entered into a separate Joint Venture (JV) trading company, named Symbiance Limited, with a private sector partner 4C Associates Limited delivering procurement consultancy services to the public sector.
- 1.4 Although the wholly owned subsidiary (WPS) did trade and generated turnover of £375k during its period of trading, no trading activity was ever undertaken by the JV and Symbiance Limited was wound up in December 2018.
- 1.5 After its initial period of activity with one main client, WPS has also ceased trading. With no expectation for a need for this trading vehicle in the future it is proposed to dissolve the company.

2. Recommendations

- 2.1 That the Shareholders Committee recommends to Cabinet to approve:
 - 2.1.1 That Westminster Procurement Services Limited be dissolved with any share capital remaining after legal and professional fees being returned to the Council.
 - 2.1.2 That the Council, as sole shareholder, passes a resolution to formally close down Westminster Procurement Services Limited by way of an application to strike off the company from the Companies Register.

3. Reasons for Decision

- 3.1 To be able to dissolve the Company, approval is needed from the company's shareholder, Westminster Council.

4. Background, including Policy Context

- 4.1. The Corporate Services Director in conjunction with the City Treasurer agreed MTFP savings targets for Procurement Services of £50k for 2016/17 and £100k per annum for 2017/18 and 2018/19. The traded service model was

chosen as a recommended approach that would provide income generation opportunities for the Council to help deliver these MTFP targets. Initial indications had projected that £250,000 additional income could be achieved through traded services.

- 4.2. The Chief Procurement Officer was tasked by the Commercial Board with the development of a Business Case for a traded service model offering procurement services to other local authorities and public sector organisations. As well as a wholly owned trading company, The Chief Procurement Officer recommended the creation of a joint venture to leverage the strengths of the Council's Procurement Services organisation with those of a leading niche procurement consultancy, to be delivered through a separate trading organisation.
- 4.3. The Council's wholly owned subsidiary, Westminster Procurement Services was incorporated on the 27 July 2016.
- 4.4. Discussions with procurement consultancies suggested there was a viable market in the public sector for procurement services, which leverage the knowledge of a public sector procurement organisation with the skills of a leading niche procurement consultancy.
- 4.5. The Council identified two potential niche procurement consultancies to work with and an outline business case was presented to the Commercial Board. Following initial exploratory discussions to identify and agree strategic and business alignment, cultural fit and alignment with the Council's values, and financial alignment, 4C Associates Limited were identified as the preferred partner. A joint venture company, Symbiance Limited was created and incorporated on 6 December 2016.
- 4.6. After positive initial collaboration, opportunities through the JV never materialised and neither party within the JV was able to dedicate the resource and effort needed to successfully develop the JV. It was therefore decided to dissolve the JV.
- 4.7. The Wholly owned trading company, Westminster Procurement Services, did begin trading, offering services and resource to one main client, Belfast City Council. The company provided services over a 12-month period generating £375k turnover, delivering a new procurement target operating model and providing senior resource and support.
- 4.8. Eventually the services provided to Belfast were taken in house and the support from WPS came to an end.
- 4.9. As with the JV, there was a lack of resource and capacity available to sustain the venture and the company has not traded since August 2018.
- 4.10. Since this time the procurement service within Westminster has gone through a redesign and the new operating model no longer requires a trading company to support its aims and objectives.

5. Financial Implications

- 5.1 The Council's only investment into either venture was an initial investment of £10k into the Joint Venture company to assist with establishing the company, this payment was made directly to the joint venture.
- 5.2 During its period of operation WPS received support and resource from Westminster Council's procurement team. Services were recharged on a full cost basis and payment was received for all resources recharged to the trading company. In total over its period of trading the Company created £375k of turnover, largely from one client, Belfast Council.
- 5.3 The Company has no outstanding debtors, creditors or tax liabilities and has no assets or liabilities remaining apart from a remaining cash balance of circa £25k. The company no longer has a bank account, and this balance sits within Westminster's general account at present.
- 5.4 To dissolve the company the company will employ legal support from Bi-Borough Legal Services and a liquidator. Charges for these services (estimated at £5k) will be paid for out of the remaining cash balance.
- 5.5 Initial MTFP targets related to trading company profit/contributions of £50k for 2016/17 and £100k per annum for 2017/18 and 2018/19 have since been removed from the procurement budget.

6. Legal Implications

- 6.1 The report recommends closing Westminster Procurement Services (WPS) by means of a voluntary strike off or dissolution. WPS is able to do this as it meets the conditions to be able to strike off a company from the Companies Register.
- 6.2 A DS01 form must be signed by the company's only remaining director, which can be submitted online. The assets of the company should be dealt with before applying including closing bank accounts and assigning, novating or terminating any contracts, including intellectual property rights.
- 6.3 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 notice is published.

7. Carbon Impact

There is no carbon impact of this decision. The Company has no physical presence, and the aim is to close down the company to ensure no further effort or expense is incurred.

8. Equalities

There are no equalities implications associated with this decision.

9. Consultation

N/A

**If you have any queries about this Report or wish to inspect any
of the Background Papers, please contact:**

Gerald Almeroth or Dai Williams

APPENDICES

N/A

BACKGROUND PAPERS

N/A