

28th November 2013

REPORT OF THE PORTFOLIO HOLDER FOR THE ECONOMY AND EDUCATION**Think Local Limited: Ceasing of Trading****EXEMPT INFORMATION****PURPOSE**

To inform Cabinet of a Board decision by Think Local Ltd. to voluntarily dissolve the company and transfer the assets back to Tamworth Borough Council, and to seek authorisation to establish a dormant limited company in Tamworth Borough Council's ownership in order to preserve and protect the trading name 'Think Local Limited'.

RECOMMENDATIONS

1. That Cabinet endorses the decisions of the Board of Think Local Limited and authorises the Director Communities, Planning and Partnerships in conjunction with the Portfolio Holder Economy and Education to establish the dormant company as soon as practically possible.

EXECUTIVE SUMMARY

Think Local Ltd was set up in July 2012 as a company limited by shares, with five local authority founder shareholders taking shares in the company and three agreeing to take up the Director positions on the Board, alongside two private sector non-executive directors. TBC is both a founder shareholder and corporate director.

The main product of Think Local Ltd is the Think Local 4 Business web portal. It had been reasonably successful in attracting over 1,200 businesses to register. However, unanticipated technical issues with the site forced a complete re-evaluation of the platform and a total site re-design was required requiring a significant level of investment. This would have cost at least £15k to invest in a new site, which would have used up the remaining reserves of the company and left no funds to cover marketing and promotion or the day to day running costs of the business.

The problems with the website halted any progression in terms of income generation and the company was in effect 'living off' its legacy reserves transferred by the five founder shareholders. The problems were compounded by the fact that activity on the site was extremely limited and many of the businesses that originally registered have not returned to the site.

The Board and founder shareholders considered a number of options and decided that the company should be voluntarily closed/dissolved. This decision was taken on the basis that that the company had no reasonable prospect of generating revenue in the near future give that its main product (the website) needed to be completely re-designed and there was no investment forthcoming from either the founder shareholders or external investors to cover the cost of this work. Even if the site had been completely re-designed or the existing site upgraded, there was no guarantee of any return on this investment which meant that the logical conclusion is to close the company. This was put to the Think Local Ltd Board at its meeting on Friday 5th July and a resolution was passed to begin the formal dissolution

proceedings. In addition, it was agreed that the website would be closed down.

The company has therefore effectively ceased to trade since that date and will be undertaking a reduction of capital to effectively reduce the shares down to zero through a Statement of Solvency and Special Resolution of the Shareholders. This will take place at a final company Board meeting set for 3rd December. This also means that any remaining cash in the business will be returnable to the shareholders as a return of capital in proportion to the percentage of shares held. In the case of Tamworth Borough Council, this is estimated to amount to around £1,835, representing a 16% shareholding (exact figure still unknown due to final dissolution costs being uncertain at this time). Lichfield District Council will receive an identical amount, which will be returned to Tamworth Borough Council as the delivery authority for the Economic Development Shared Service.

In terms of the company's non cash assets, it was agreed at the company's Board meeting of 9th September 2013 that the business data, website domain names, trading name 'Think Local 4 Business', the associated trademark/branding/logos and the company name 'Think Local Ltd.' would be transferred back to the ownership of Tamworth Borough Council for the consideration of £500. This was agreed having given due consideration to the value and marketability of these assets and the costs that would be associated with marketing the assets more widely relative to their value.

Tamworth Borough Council is best placed to redistribute the relevant portions of the business data to each of the Founder Shareholders and to act as the 'custodian' of the branding assets, such that each Founder Shareholder could use these for their own relevant local initiatives. For instance, The Think Local 4 Business Show has continued using this branding and is being supported by TBC alongside East Staffordshire Borough Council irrespective of the closure of Think Local Ltd.

In terms of the company name, Think Local Ltd., the Board deemed that this was worth preserving to prevent competing initiatives from using it and to allow for the possibility of resurrecting it in the future for similar types of activities or programmes. For Tamworth Borough Council to hold and preserve this, a separate limited company will need to be established under the ownership of the Council. This will require a new limited company to be formed, which would then take the name of the company (with the current company changing its name just prior to dissolution).

The establishment of Think Local Limited to take over the running of an activity that had hitherto been run by a 'partnership of the willing' between local authorities represented a bold step somewhat into the unknown. This was designed to make the running of the initiative much easier and efficient, and at the same time remove the need for the local authorities to commit further cash to 'prop up' the project and allow it to raise its own income. In addition, there was very little risk associated with the venture, given the undertakings to ensure the solvency of the business, which have been adhered to at all times.

Whilst it is regrettable that the business has not proved to be viable, at the same time we have learnt much about the process of setting up a business to run a discreet activity, which can only stand us in good stead as an organisation should we decide to pursue a similar kind of structure in the future.

Finally, it should be noted that the overall principles of Think Local 4 Business of encouraging business to business networking and sustainable procurement practices will continue to be actively promoted by Tamworth Borough Council and Lichfield District Council via the Shared Service in Economic Development, and in particular through the Business and Economic Partnership (BEP). In addition, the return of some cash reserves to TBC & LDC will provide additional resources to invest in the BEP's facilities to promote business networking and sustainable procurement, in particular the new portal style website that has just been launched (www.bep4business.co.uk). The local authorities within Think Local 4 Business will continue to work together to promote Think Local 4 Business principles wherever possible, and in particular via the Local Enterprise Partnerships, where initiatives to

encourage the better joining up of business engagement and support initiatives are currently underway or being formulated.

RESOURCE IMPLICATIONS

The reduction to zero and return of capital will bring about a return of approximately £3,670 in cash back to Economic Development Shared Service, which will represent a welcome boost to the service's activities to support business networking and engagement via the BEP. This additional monetary resource has been earmarked to spend on the acquisition of business data to allow greater intelligence gathering on local businesses and more targeted business engagement, as well as enhancements to the new BEP website.

Tamworth Borough Council's ongoing obligations in maintaining Think Local Ltd. as a dormant company are minimal and can be easily achieved through the resources of the existing Economic Development service.

LEGAL/RISK IMPLICATIONS BACKGROUND

Following the Company Board meeting on 3rd December, where the Statement of Solvency Special Resolution to reduce the capital to zero and company name change will be passed and signed off, a period of 3 months will need to pass before the company can be struck off the register at Companies House. During this time, Tamworth Borough Council will be able to establish the new limited company, which will adopt the name 'Think Local Limited.

The new limited company will not trade and remain dormant for so long as the Council so requires, representing zero risk to the Council. There will be 1 share in the company in the name of Tamworth Borough Council, with an Officer or Member designated as the sole Director. Set up costs will be minimal (around £100) with ongoing obligations and costs equally minimal. The latter will just involve the submission of an Annual Return and dormant company accounts showing zero trading and a balance sheet with 1 share.

The Council will hold the trademark/branding assets on behalf of the other Founder Shareholders, these being Lichfield District Council, East Staffordshire Borough Council, Stafford Borough Council and South Staffordshire Council. Each of these councils will be able to use the trademark/branding/logos for any local initiatives in the areas of business support, business engagement, business networking and sustainable procurement practices. A simple agreement will be drawn up to govern the use of these assets. In addition, Tamworth Borough Council will apply a one off charge of £100 to each council to cover the costs of acquiring the assets.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

As above.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

None

APPENDICES

None

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