



Committee and Date

Council  
24<sup>th</sup> February 2011

Item

19

Public

## North Shropshire CAT (Community Asset Trust)

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### 1 Summary

- 1.1 The report sets out the reasons for agreement by the Council for delegated authority for an officer to attend the CAT AGM and meetings and exercise the voting rights of the Council.
- 1.2 The objective is to transfer the rights and obligations of the CAT and to ultimately wind up the CAT. This will enable the Council to receive the assets currently held by the CAT, estimated at least £0.5m, together with any future revenue due to it under the terms of the Transfer Agreement.

### 2 Recommendations

- 2.1 The Council agree to delegate to the Assistant Chief Executive Legal and Democratic Services ( Corporate Head of Legal and Democratic Services ) authority to act on its behalf, and in its best interests, with regard to the winding up of the CAT and execute all necessary documentation to transfer the rights and obligations of the CAT to the Council..

### 3 Background

- 3.1 In July 2007, the North Shropshire District Council (NSDC) transferred its housing stock to the Meres and Mosses Housing Association (MMHA) and also set up the CAT. Under the terms of the Transfer Agreement made between NSDC, MMHA and the CAT, the CAT is entitled to receive monies due under the Transfer Agreement. In April 2009, all the rights and liabilities of the NSDC were vested in Shropshire Council, which included the Council being the only member of the CAT.
- 3.2 In order to wind up the CAT, the company will need to hold a series of meetings, at which an officer of the Council is required to attend, and exercise the voting rights of the Council. This report proposes that this officer is the Assistant Chief Executive Legal and Democratic Services ( Corporate Head of Legal and Democratic Services ).
- 3.3 A consequence of the demise of the CAT is that £0.5m will become available to the Council that is currently locked in the CAT and is unavailable to anyone.

**4 Other Issues**

4.1 Advice has been obtained from external solicitors advising the Council with regard to the Council’s involvement in the process of winding up the CAT and the consequences of the Council taking on the rights and obligations of the CAT in the future. In addition, a meeting has been held with the Revenue and Customs on technical issues to do with VAT and Corporation Tax. As part of the winding up, these issues would be addressed, but neither the external solicitors nor the HMRC consider these a problem that careful sequencing could not avoid.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b> Note on a meeting with the Revenue & Customs
<b>Human Right Act Appraisal</b> No conflicts with the Human Rights Act have been identified.
<b>Risk Management Appraisal</b> The level of risk can be minimised as a consequence of following external advice.
<b>Environmental Appraisal</b> N/A
<b>Community / Consultations Appraisal</b> N/A
<b>Cabinet Member</b> All
<b>Local Member</b> All
<b>Appendices</b>

<b>Decision(s)</b>
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