

Executive

18 May 2017

**Report of the Assistant Director (Communities and Equalities)
Portfolio of the Executive Member for Transport & Planning**

Science City York: Transfer of Residual Funds

Summary

1. This report is referred to the Executive from the Shareholder Committee. It proposes that the Council take the necessary steps to enable the remaining Science City York (SCY) funding to transfer to Make It York so that the funding can be used for its intended purpose.

Recommendations

2. The Executive is asked to accept the recommendation of the Shareholder Committee to agree to the Council withdrawing from membership of Science City York.

Reason: to facilitate the residual Science City Funds transferring to Make It York.

Background

3. When Make It York Limited (MIY) was set up in April 2015 the Council transferred the Science City brand, its assets (principally £228,842 in cash), and subsidiary trading company (SCY Enterprise Ltd) to MIY for £1. The services of Science City York are now provided by Make it York.
4. At the time of the transfer two contracts had not been signed off by DCLG. Reflecting this position, some cash assets were retained by CYC rather than being transferred. Since then, SCY has ceased trading, received audit clearance from DCLG, closed down a number of operational bank accounts and transferred all expenditure to MIY. The only company assets remaining are a bank account containing £44k and a small amount of Petty Cash.

It would now be appropriate to finalise the position on these remaining assets.

5. SCY's Memorandum of Association sets out what happens if the company is wound up:

Paragraph 7 of the Memorandum & Articles of SCY states:

If the company is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property, it shall not be paid to or distributed among the members of the company, but shall be given or transferred to some other organisation having objects similar to the objects which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Company by Clause 4 above, chosen (in their absolute discretion) by the directors of the company at or before the time of dissolution and if that cannot be done then to some organisation having charitable objects which the directors (in their absolute discretion) shall approve.

Paragraph 4 states:

The income and property of the Company shall be applied solely towards the promotion of its objects...

Paragraph 3 lists the company objects:

- (a) *to promote the creation and growth of business and employment opportunities in technology and creative business sectors, working with other organisations as necessary;*
- (b) *to deliver business support to technology and creative based businesses including start-ups, early stage ventures, or established enterprises;*
- (c) *to support specialist business networks to promote a supportive business environment for technology and creative enterprises;*
- (d) *to support and deliver activities to ensure that the knowledge and skills of the workforce match employment opportunities and employment needs*

Way Forward

6. The Shareholder Committee, at its meeting on 20 March 2017, determined that the most appropriate way forward to achieve the

transfer of the remaining assets is to transfer the company, SCY, with the cash, to Make it York, since Make it York is wholly owned by the Council and is already carrying out SCY's functions. This will also transfer to MIY the responsibility to comply with the SCY's Memorandum & Articles.

Next Steps

7. To achieve the transfer, Make It York has submitted an application to the directors of Science City to admit Make It York as a member of the company. The directors of Science City have accepted the application at a board meeting. Following approval by the Executive, the Assistant Director of Legal and Governance or his authorised signatory will sign a resolution on behalf of the Council, as the current sole member of Science City York, to admit Make it York as sole member in the Council's place. This written resolution will have the same force as if it had been passed at a general meeting.

Council Plan

8. This initiative furthers the Council Plan priority of "A prosperous city for all", including a city where:
 - Local businesses can thrive
 - Residents have the opportunity to get good quality and well paid jobs

Implications

9. **Financial:** The remaining SCY assets amount to £44k.
10. There are no other implications.

Risk Management

11. In compliance with the Council's risk management strategy the main risks that have been identified associated with the proposals contained in this report are those which could lead to the inability to meet business objectives and to deliver services, leading to damage to the Council's reputation and failure to meet stakeholders' expectations. The level of risk is assessed as "Low". This is acceptable but means that regular monitoring is required of the operation of the new arrangements.

Contact Details

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Wards Affected:			All ✓
For further information please contact the author of the report			

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List of Abbreviations Used in this Report

SCY - Science City York

MIY - Make It York Limited

DCLG - Department for Communities and Local Government

Background papers:

Annexes: None