

Cabinet Meeting	
Meeting Date	22 September 2021
Report Title	Change in Director for SBC Holding Company 1
Cabinet Member	Cllr Monique Bonney, Cabinet Member for Economy and Property
SMT Lead	Emma Wiggins, Director of Neighbourhoods and Regeneration
Head of Service	Philip Wilson, Head of Finance and Procurement
Lead Officer	Philip Wilson, Head of Finance and Procurement
Key Decision	No
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. That Swale Borough Council appoints the Director of Neighbourhoods and Regeneration and the Director of Resources as Directors of SBC Holding Company 1 Limited. 2. That the Chief Executive of the Council be delegated authority to sign communications with SBC Holding Company 1 Limited and others in the Council's capacity as sole shareholder of the company. 3. That the Chief Executive of the Council be delegated authority to write to SBC Holding Company 1 Limited, confirming that the Council is to retain 99% of the rental income from Unit 8, Spring Square, Sittingbourne.

1. Purpose of Report and Executive Summary

- 1.1 This report is to change the Directors of SBC Holding Company 1 Limited, a wholly owned Council company.

2. Background

- 2.1 The Council as funder of the Spirit of Sittingbourne cinema, hotel and restaurant complex, acquired the properties and became the freehold owners upon practical completion of the development.
- 2.2 The units are formed into two buildings with the cinema and six restaurants housed in one building, and the hotel and a further restaurant unit housed in the second building.

- 2.3 The lease for the hotel building has been structured that the entire building is leased to the Travelodge and as part of that agreement the restaurant unit 8 is leased back to the Council. The Council then had to set up a sub-lease arrangement for unit 8 to Loungers.
- 2.4 Due to the nature of this arrangement and the freehold ownership being with the Council, the Council cannot hold the sub-lease itself. Therefore, it was required that the Council set-up a nominee company called SBC Holding Company 1 Limited to hold the property jointly with the Council to enter into and manage the lease arrangements. The rental income from the lease is split between the Council and SBC Holding Company 1 Limited but to date this has not been formally documented. The intention is that the Council retains 99% of the rent, and SBC Holding Company 1 Limited retains the remaining 1%, but as nominee for the Council.
- 2.5 A nominee company is a company whose business is to act as a holder of property or interests on behalf of another party (in this case the Council).
- 2.6 SBC Holding Company 1 Limited (Company Number 12417065) was registered on 21 January 2020. It is wholly owned by the Council.
- 2.7 SBC Holding Company 1 Limited is a limited liability company, with the Council being the sole shareholder. The company needs to appoint Directors who are responsible for the management of the company. There is no requirement to appoint a Company Secretary.
- 2.8 A Cabinet Member Delegated Decision on 4 December 2019 appointed the then Chief Finance Officer as the sole Director of SBC Holding Company 1 Limited. However, as a result of a Council reorganisation, this post no longer exists and therefore the Council wishes to change the make up of the board to reflect this.

3. Proposals

- 3.1 That the Council appoints the Director of Neighbourhoods and Regeneration and the new Director of Resources as the Directors of SBC Holding Company 1 Limited in place of Mr Vickers, who is being requested to resign.
- 3.2 That the Chief Executive of the Council be delegated authority to sign communications with SBC Holding Company 1 Limited and others in the Council's capacity as sole shareholder of the company.
- 3.3 That the Chief Executive of the Council be delegated authority to write to SBC Holding Company 1 Limited, confirming that the Council is to retain 99% of the rental income from Unit8, Spring Square, Sittingbourne.

4. Alternative Options

- 4.1 To restructure the lease for the hotel so it does not include the restaurant unit. This is not recommended as the lease has been formally negotiated and agreed in its current structure prior to the Council being funder.

5. Consultation Undertaken or Proposed

- 5.1 Legal advice on creation of the nominee company, the lease structure and the appointment of Directors has been taken from Pinsent Masons.

6. Implications

Issue	Implications
Corporate Plan	The proposals in this report delivers against the Corporate Priority of economic sustainability of our towns.
Financial, Resource and Property	There are no financial implications from this decision. SBC Holding Company 1 Limited holds the leasehold property of the restaurant unit jointly with the Council.
Legal, Statutory and Procurement	Advice on the lease and nominee company has been taken from Pinsent Masons LLP. The Council has the power to enter into these arrangements by virtue of its General Power of Competence contained in Section 1 of the Localism Act 2011.
Crime and Disorder	None identified.
Environment and Climate/ Ecological Emergency	None identified.
Health and Wellbeing	None identified.
Safeguarding of Children, Young People and Vulnerable Adults	None identified.
Risk Management and Health and Safety	None identified.
Equality and Diversity	None identified.
Privacy and Data Protection	None identified.

7. Appendices

7.1 None.

8. Background Papers

8.1 [Cabinet Member Delegated Decision 4 December 2019](#)