

When is a local authority an individual?

We all know that a local authority is a legal person, but an individual? Well, for the purposes of the transparency provisions of the Companies Act 2006, a local authority is indeed an individual.

Companies to keep a PSC register

Part 21A of the Companies Act 2006 ("CA"), which sets out the transparency provisions, was inserted by the Small Business, Enterprise and Employment Act 2015. It provides that (subject to certain exceptions) all companies must keep a PSC register. (PSC stands for "persons with significant control"). With effect from 6th April 2016, details of every individual who has significant control over the company must be entered in its PSC register, and from 30th June 2016, information on the PSC register must be filed with Companies House as part of the company's confirmation statement (which supersedes the annual return). The circumstances in which an individual is deemed to have significant control over a company are set out in Schedule 1A CA and include:

- holding, directly or indirectly, 25 per cent or more of the shares or voting rights in the company;
- holding, directly or indirectly, the right to appoint or remove a majority of the company's board of directors;
- holding, directly or indirectly, the right to exercise significant influence or control over the company or actually exercising significant influence or control over it.

Local authorities can be "individuals with significant control"

Section 790C(12) CA provides that Part 1A is to be read and have effect as if each of the following were an individual, even if they are legal persons under the laws by which they are governed:

- a corporation sole;
- a government or government department of a country or territory or a part of a country or territory;
- an international organisation whose members include two or more countries or territories (or their governments);
- a local authority or local government body in the United Kingdom or elsewhere.

Details to be entered in the PSC register when a local authority is a PSC

Where a local authority has significant control over a company, the following details must be entered in the company's PSC register:

- the local authority's name and principal office;
- the local authority's legal form and the law by which it is governed;
- the date on which the local authority became a registrable person in relation to the company; and
- the nature of the local authority's control over the company.

Local authorities should take care that their subsidiaries include these details on their PSC registers and submit them to Companies House with their confirmation statements.

If you have any queries relating to this guide or wish to seek legal advice, please contact:

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