

Trading Board

Wednesday, 13 January 2016

Attendees: Councillor Julia Havis (Chairman), Councillor Roger Buston (Member), Councillor Robert Davidson (Group Spokesperson), Councillor Dave Harris (Deputy Chairman), Councillor Justin Knight (Member), Councillor Andrew Ellis (Member), Councillor Martin Goss (Member)

Substitutes: Councillor Jackie Maclean (for Councillor Kevin Bentley)

Also in attendance: Councillors Cory, Frame and Smith

106 Minutes

RESOLVED that the minutes of the meeting held on 18 November 2015 be confirmed as a correct record.

107 Colchester Borough Council Asset Strategy Update

Councillor Buston (in respect of his employment by Birkett Long) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

The Board considered a report from the Head of Commercial Services providing an update on the strategic management of Council owned assets. Fiona Duhamel, Economic Growth Manager, presented the report to the Board.

The Council's property portfolio was currently valued at approximately £45 million and was made up of the following categories:-

- Investment properties, such as shops or other commercial properties. These were managed directly by the Estates Team with the aim of maximising the income that could be produced. They currently generated an annual income of £3.2 million.
- Operational properties from which the Council operated services, such as offices, car parks and depots. These were managed on a day to day basis by the relevant service area, with the Estates Team providing specialist support.
- Surplus/redevelopment properties, which were surplus to operational needs. These were being held pending regeneration or redevelopment although where possible alternative short term uses to generate income or mitigate rate payments were

sought.

In 2014 the Revolving Investment Fund had been established. This was a ring fenced fund set up to recycle capital receipts and produce income from capital receipts generated by the sale or development of assets. The aim was to generate in excess of £1million per year in additional income by 2018/19.

Repairs and maintenance were an important part of the Council's asset management and the Council's approach to repairs and maintenance had improved markedly in the last ten years. Regular condition surveys ensured that the Council knew about the condition of its buildings and over 80% were rated as condition category A or B as defined by the Royal Institute of Chartered Surveyors. This had significantly reduced the Council's expenditure on reactive building improvement works.

In terms of housing assets, the Council owned over 6000 properties with a value of £284.2 million, which were managed by Colchester Borough Homes on the Council's behalf.

Going forward, the aim of asset management was to use assets to generate ongoing revenue streams, rather than to sell them for capital receipts. The Council was seeking to review its Corporate Asset Management Strategy and as part of this it would review all commercial assets and all operational property looking for opportunities for rationalisation. It would also look at opportunities to work in partnership with others to maximise assets, review repairs, maintenance and energy uses to see how running costs could be kept low, and review community assets.

The impact of the proposals in the Summer Budget and the proposed Housing and Planning Bill on the Council's housing assets would be explored further, but were likely to be significant.

In summary the next steps would be to finalise the property review and produce a Corporate Asset Management Strategy. It was hoped to complete this by July 2016. In addition work would continue on the Housing Development Strategy with the aim of completing this by summer 2016 and it was hoped to increase the number of projects funded through the Revolving Investment Fund Committee.

In discussion with members of the Board it was agreed that the Corporate Asset Management Strategy should be considered by the Board in advance of its referral to Cabinet. In response to question from the Board, it was explained that the Council's assets were publicly available on a website hosted by Southend Council.

Councillor Smith, Leader of the Council and Portfolio Holder for Strategy was invited to address the Board in response to a question about the impact of proposals in the Summer Budget and the proposed Housing and Planning Bill on the Council's housing

assets. Councillor Smith explained that the Government had not yet clarified how all the changes would impact. However the reduction in the borrowing cap would cost the Council approximately £10 million and that accordingly the Council had been forced to stop all new housing building. Post 2020-21 the Council would not be able to maintain its existing housing stock with the funding available. The proposals to take the proceeds of the sale of high value properties would also have a significant impact. These factors would be reflected in the Asset Management Strategy.

RESOLVED that:-

- (a) the update on the ongoing strategic management of Council owned assets be noted;
- (b) the draft Corporate Asset Management Strategy be referred to Trading Board for review and comment in advance of its consideration by Cabinet.

108 Supporting Commercial Services through Human Resources

The Board considered a report from the Assistant Chief Executive setting out how Human Resources Business Support was provided to Commercial Services. Jessica Douglas, People and Performance Manager, and Sarah Johnson, People and Performance Business Partner, attended to present the report and assist the Board.

One of the Council's goals was to become more commercial and business-like and Human Resources had sought to support this change through a more flexible and innovative approach. The new People Strategy set out how the Council would support the Strategic Plan and the three organisational goals through recruiting and supporting staff. New appraisal and recruitment practices had been introduced and there was an increased focus on ensuring staff were appropriately skilled and were more savvy and commercial.

The specific support provided to Commercial Services included the introduction of new ways of recruiting and the introduction of performance related payments for Commercial Managers. In its approach, Human Resources sought to find new ways of doing things and reconciling the demands of a commercial approach with the constraints of local government processes, which could be risk averse.

The Council enjoyed a positive relationship with Unison, who did provide challenge where necessary and their views were respected and listened to.

The Board were pleased to note the support provided by Human Resources and commended the flexible and innovative approach taken. In discussion the Board raised

the following issues:-

- What flexibility Human Resources had to deal with issues of retention of valuable staff, particularly in regards to building control staff, and how did the Council compare with other authorities for the retention of key staff. It was explained that the Officer Pay Policy was reviewed each year and it now allowed a much more flexible approach, such as retention payments, performance related pay and “golden hellos”. However, in setting the policy, the Council needed to be mindful of equality legislation. The Council’s flexible working policies and pension arrangements also helped the Council recruit and retain staff from the private sector.
- The opportunities for the Council to offer a Human Resources service to small and medium enterprises in the borough. This was a long term aim for the service, but given the workload it had faced recently and its current resources, it had not been able to pursue it. There were also potential commercial possibilities in advising large organisations how to provide a leaner Human Resources service. It was noted that the Council did provide a service to the Mercury Theatre and to firstsite.
- In response to a question about the availability and value of sabbaticals it was explained that the new Career Track initiative designed to identify and nurture key employees encouraged staff to consider their future career path and areas of development. Staff were encouraged to identify sabbaticals and secondments that might prove useful.
- It was also confirmed that there were a number of key performance indicators in place to measure the performance of the Human Resources service and these were regularly reviewed.

Ian Vipond, Strategic Director Commercial and Place, stressed the excellent service and level of support that Commercial Services had received from Human Resources.

RESOLVED that the support provided by Human Resources to Commercial Services be noted.

109 Work Programme 2015-16

The Board considered a report from the Assistant Chief Executive setting out the draft work programme for the 2015-16 municipal year.

The work programme had been updated to include the 2015-16 Annual Report and an item on the Essex Building Control Shared Service had been added to work programme for the March 2016 meeting. In respect of the item on public sector reform arising from the devolution agenda, in view of the fact that progress on devolution had been slower than expected, it had not been possible to provide a substantive report. It was proposed that a report be brought to the Board once the outcome of devolution was clearer. It was

also reported that in respect of the Waste Partnership Board item scheduled for March, it was difficult to identify a commercial opportunity that could form the basis of a report at this stage and in view of this the Board agreed that this be withdrawn from the agenda for the March 2016 meeting. Officers would consider if there were any other commercial opportunities that could be reported in its place.

RESOLVED that the draft work programme 2015/16 be approved subject to the item on Essex Waste Partnership Board including the Waste Minimisation Project be removed from the agenda for the meeting in March 2016 and be scheduled at a later date.

110 Minutes - Not for Publication Extract

The Board resolved under Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

RESOLVED that the not for publication extract from the minutes of the meeting held on 18 November 2015 be confirmed as a correct record.

111 Commercial Business Development - Operational Business Report

The Board resolved under Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

The Board received a report from the Commercial Transition Manager and the Commercial Manager providing an update on the latest position on the operational businesses.

RESOLVED that the contents of the report be noted.

112 Commercial Business Development - Operational Businesses Performance and Income Report

The Board resolved under Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

The Board received a report summarising the financial performance of the Commercial Services.

RESOLVED that the contents of the report be noted.