

Trading Board

**Rowan House, 33 Sheepen
Road, Colchester
26 June 2013 at 6.00pm**

To consider the trading issues of the Council and to challenge and monitor the Council's trading arrangements including companies owned by the Council and Joint Committee arrangements. To make recommendations to Council and Cabinet on trading proposals.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services. Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

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Toilets with lift access, if required, are located on each floor of the Town Hall. A vending machine selling hot and cold drinks is located on the ground floor.

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Trading Board – Terms of Reference

- a) Monitor and review activities and functions performed by the commercial services arm of the Council, significant income generating services, any trading arms and wholly or partly owned companies.
- b) Establish and report on high level performance and financial indicators agreed within the corporate performance statements or other agreements of performance entered into between the Council and the outside bodies and report to Cabinet on any areas which give rise to concerns.
- c) Oversee any new agreements entered into between the Council and the outside bodies for approval by Cabinet or Council.
- d) Consider and influence the composition of any new body or bodies created wholly or in part by the Council including their purpose; governance; operating model; business planning function; risk factors; and recommend approval for such new arrangements to Cabinet or Council.
- e) Ensure any Council capital investment and/or assets that are to be transferred to or used by an outside body for commercial purposes is properly specified, protected and used by the outside body for the purposes intended by form of recommendation to Cabinet or Council for approval.
- f) Monitor, challenge and confirm for Cabinet approval significant income generating services (£250,000 or above) whether delivered by the Council's owned or partly owned companies, trading arms or Council's own provided service for the purpose of increased income or whether the business opportunity is no longer viable in its current and ongoing form.
- g) Consider any proposed new/transfer or sale/purchase of company shares and make recommendations on these for approval by Council.
- h) Monitor, review and recommend to Cabinet or Council major and strategic opportunities for procurement of services from other companies, organisations, social enterprises and the voluntary and third sector.
- i) Receive regular reports of procurement agreements entered into including financial and service performance measures against those stated in the contract and bring any concerns or risks as recommendations to Cabinet.
- j) Commission any actions or make recommendations to Council or Cabinet which will facilitate the Council's decision making and policy achievements in commercial services together with changes to governance arrangements of the outside body.
- k) Recommend to Cabinet steps for the Council to be represented at any stages, processes or meetings concerning the outside bodies including the exercise of any shareholder actions on the wholly or party owned Council company.

**COLCHESTER BOROUGH COUNCIL
TRADING BOARD
26 June 2013 at 6:00pm**

Members

Chairman : Councillor Scott Greenhill.
Deputy Chairman : Councillor Bill Frame.
Councillors Kevin Bentley, Andrew Ellis, Julia Havis,
Cyril Liddy and Terry Sutton.

Substitute Members : All members of the Council who are not Cabinet members.

Agenda - Part A
(open to the public including the media)

Members of the public may wish to note that agenda items 1 to 5 are normally brief.

Pages

1. Welcome and Announcements

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3. Minutes

1

To confirm as a correct record the minutes of the meeting held on 22 May 2013.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the

following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgment of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

5. Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

6. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

7. Presentation

The Board to receive a presentation from John Niland, Chief Executive, Central Essex Community Services

8. Scoping the Role and Work Programme of the Trading Board 2 - 8

See report by the Director of Commercial and Place

9. Exclusion of the Public

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

**TRADING BOARD
22 MAY 2013**

Present :- Councillors Kevin Bentley, Andrew Ellis, Bill Frame,
Julia Havis, Cyril Liddy and Terry Sutton

1. Appointment of Chairman

RESOLVED that Councillor Greenhill be appointed as Chairman for the ensuing municipal year.

2. Appointment of Deputy Chairman

RESOLVED that Councillor Frame be appointed as Deputy Chairman for the ensuing municipal year.



Trading Board

Item
7

26 June 2013

Report of	Director of Commercial and Place	Author	Ian Vipond
Title	Scoping the role and work programme of the Trading Board		
Wards affected	'Not applicable'		

This report sets out the role, responsibilities and likely work programme for the Trading Board

1. Decision(s) Required

- 1.1 To note the terms of reference for the Trading Board as set out in the Agenda.
- 1.2 To agree a provisional work programme for the Trading Board having considered the suggested work programme and any additional matters for inclusion in the programme.
- 1.3 To agree to the advertisement for up to three co-opted external persons to be non voting members of this Board and to their recruitment as identified in section 5.2. Further to recommend to Cabinet that it gives consideration to asking the Independent Remuneration Panel to meet to consider the appropriate Special Responsibilities Allowance for such persons.

2. Reasons for Decision(s)

- 2.1 The Board needs to consider its work programme in the context of its terms of reference and the on going work undertaken within the Council. It has the ability to co-opt up to three non voting members and may wish to commence the process of recruitment at least to understand the level of interest in such a role.

3. Alternative Options

- 3.1 This function forms part of the Board's Terms of Reference and as such there are no alternatives to undertaking these considerations. The Board can however amend its work programme as it wishes and can decide to co-opt less than three external persons or non at all.

4. Supporting Information

- 4.1 The Trading Board has been introduced as a new way to advise Cabinet on how the Council approaches commercial matters and how it may increase its income. The Board needs to consider how it can best achieve this new role. Appendix 1 shows the Board's relationship to the Cabinet and the Council.
- 4.2 As part of the review of how the Council works going forward the Trading Board and the new Commercial Services Group were formed to respond to one of the key challenges set out in November 2012 in the Universal Customer Contact (UCC) Fundamental Service Review (FSR) business case, namely to secure long-term resilience for the

Council so that it can continue to serve the needs of a growing and ever-changing population. The generation of commercial income will be vital to the future resilience of the Council in delivering excellent frontline services during a time of reducing government grant. The opportunity for us is to build a sustainable commercial services arm for the Council which will create a focus for commercial activities throughout the whole organisation that will grow over time to support the political aspirations of the administration expressed through the Strategic Plan.

4.3 Within the Commercial Services Group there are a number of existing functions which include strategy teams often linked to the advancement of strategic 'place' objectives for the Borough such as Spatial Planning Strategy, Major Planning Applications and Housing Strategy. In addition it also has a number of functions around economic growth such as Regeneration and Economic Development but also the Council's Estates functions. Some of these areas, such as the use of the Council's land and building assets, have an obvious part to play in developing income streams. In addition to these roles within the group has now been added a new Commercial Team. This new team is not yet populated with staff, but there are already a number of work streams underway overseen by a UCCFSR Commercial Implementation Theme group:

- The Commercial Theme group led by the Director of Commercial and Place and including the Head Of Commercial Services and key officers including the Finance Manager meets on a regular basis to take forward the implementation of the Commercial elements of the UCCFSR business plan.
- A programme is in place to deliver a dedicated Commercial team that will bring commercial skills and focus to a range of activities of the Council specifically: the development of companies/social enterprises; commercial negotiation; contract and partnerships management; selling services/ consultancy and Intel property; and bid submission. Additional advice is being sought from the commercial arm of 'Improvement East' as to the skills required in such a team and to the content and focus of the Commercial framework to which this team needs to operate. As a result it has been decided to have the outputs of this work before beginning to appoint to this team in autumn.
- Four services have been moved into the Commercial Services Group specifically to have their commercial opportunities reviewed. Currently these are thought to be best placed to explore a commercial/trading operation. These services are Building Control; Cemetery and Crematorium; Monitoring (Helpline) and CCTV and; Engineering. This grouping have the potential for developing trading arms and income growth, but may change overtime and indeed it is envisaged that functions may return to delivery or customer facing service areas dependant on the core of their modus operandi at any point in time. An interim Commercial manager, with an extensive commercial background, has been engaged to undertake the review of these services and is due to report back by the end of August. We are also beginning to do some work about understanding what the 'second' wave of services for review might be. In addition, the Council already owns two companies. These are the Community Stadium Company and Colchester Borough Homes. Both companies are looking to have new service arrangements in place this summer and these could present significant trading opportunities. The Board will need to review these opportunities.
- The asset (land and buildings) based work, under the direction of the Regeneration and Estates Manager, is already well underway. It has been considering the effective use of a Special Purpose Vehicle (SPV) which could be part of the mechanisms for using assets to their best effect. No decision has been

made but the relevant Portfolio Holders have indicated that they would like to see a worked up business case. Already a number of asset based schemes have come to Cabinet within this work flow. They include the potential supermarket at Gosbecks and the use of part of Northern Gateway for Lancaster's car showroom. Northern Gateway (The Cuckoo Farm Strategic Employment Site and adjoining Council ownership) clearly represents a significant opportunity in terms of what it could deliver for the residents and businesses of Colchester but also in terms of income streams for the Council as landowner. The Cabinet has already agreed a 'Vision' document and an informal 'shadow' Board meets regularly to oversee this work.

- It is recognised that procurement in its widest sense is a key element to bring a commercial rigour and approach to. Clearly there is a procurement process which can be streamlined while meeting legislative requirements but there is an opportunity to get better returns from the early assessment of procurement options and better rigour in managing contracts once they are in operation. There is a need for an intelligent client to apply a business eye to these matters. There is already underway a FSR of Finance and Corporate Management where some of these functions exist and we intend to bring that work stream together with this programme to ensure the right skills are embedded appropriately within the new organisational structure.
- There are a range of significant existing income streams for the Council such as the income taken through car parks or Leisure World. In these areas there is an ongoing interest to achieve income targets in the context of Council objectives. Part of the Trading Board role will be to review significant income generating services. At the moment part of the review underway is doing an initial assessment of the income streams in the Council to see where they should fit into a programme of work.
- A key part of the successful implementation of the Commercial objectives is the need to imbed the overall Commercial Culture into the Organisation. There are elements of the organisation where we would suggest there is already some commercial culture but what we need to ensure is that commercial opportunities are developed wherever they are found where they are consistent with Council objectives. New attitudes and skills will be required in all parts of the organisation. Work on this element is being led by the Cultural Change Theme of the UCC FSR and a programme for developing this culture was kicked off at the senior officers Masterclass last November.

4.4 Each of the above work elements sit within a more detailed programme for the overall Commercial Implementation Theme, however at a high level the following table gives an overview of the time line:

Timeline table

Activity	End Date	Commentary
Scoping the implementation programme	July 2013	Ongoing – currently taking external advice
Creation of Commercial Team	September 2013 December 2013	Scope out roles Recruit and appoint by this date

Project Plan & Risk Management	Now ongoing through 2013	Project Plan has been developed and will continue to be updated Risk Register being compiled
Asset based trading arm	December 2013	Target of potential SPV decision
Procurement Review	July 2013	Associated with review of Finance and Corporate Management
Commercial Culture Implementation Programme	December 2014	Work with the Cultural Change theme group to sequentially embed the required skills and training in the organisation

5. Proposals

- 5.1 There is a need for the Board to consider its Terms of Reference as set out elsewhere on the agenda and the current work streams as set out above and decide a broad work programme. As part of this the Board must decide if it could benefit from co-opting external people to be non voting members on the Board. Such people could have a significant wide knowledge with regard to the operation of commercial operations both within and outside of the public sector. They could be a person from local business or from a social enterprise or even someone with an experience from elsewhere in the region or country.
- 5.2 As a first step it is considered that the Council should use a variety of methods to advertise the opportunity to see the level of interest in taking on such a role on the Board. Subject to appropriate candidates coming forward it is suggested that the Chair, Deputy Chair and groups spokespersons interview the shortlisted candidates and make a recommendation to the Board.
- 5.3 Such co-opted members are entitled to a Special Responsibilities Allowance (SRA) plus expenses if they so chose to accept it. The 'SRA' is set within the members allowance scheme at £213.72 per year and is set by the Independent Remuneration Panel. It is the case that such an allowance was set outside the context of the new Trading Board and the Board may want to ask the Cabinet to ask the Panel to sit to consider if the SRA is the correct amount in this new context. Its recommendations go to full Council.
- 5.4 As has been noted this is a new endeavour for the Council both for members and officers and there is a need to review the skills and competences which are required at all levels to achieve the best possible results. Part of the programme of work being developed is to look at the skills throughout the organisation and it is suggested that the Board give some consideration at a future meeting as to what they would like or need to help them full fill their duties. It could well be that they would like to have some briefings about what is happening elsewhere and what opportunities have either proved successful or indeed have not been successful and the reasons behind this. It is always possible to add additional sessions into the calendar to allow such briefings or even a visit to see first hand a successful operation but the time considerations are noted.
- 5.5 There are currently scheduled five further meetings of this Board in this municipal year so a draft programme could be:

- 14 August - Possible training session (and/or consider training programme),
- Update on co-opted members,
- Review current Asset work or review of new agreements for the operation of existing CBC owned companies.

- 18 September - Improvement East report on framework for Commercial work,
- Assess one or more of the Commercial Service reviews

- 20 November - Assess one or more of the Commercial Service reviews
- High level performance and financial indicators

- 8 January - Strategic Procurement opportunities

- 12 March - SPV business case

5.6 Clearly the Trading Board will want to keep its scheduled work programme flexible. One very clear message already learnt is that the Council must be more speedy and effective in responding to commercial opportunities as they happen.

5.7 From Appendix 1 it will be noted that this Board can consider forming Task and Finish Groups to help it review and make recommendations on specific issues. This is a potentially useful tool for the Board where more time is required to consider the detail in specific matters. For the moment it is suggested that no Task and Finish Groups are formed until the Board has a more complete picture of the tasks ahead.

6. Strategic Plan References

6.1 There are a number of priorities for the Council within the overall objective of seeing Colchester as the place to live, learn, work and visit these priorities require a sustainable and financed Council in order to deliver them. The Commercial approach which the Trading Board oversees is critical to the achievement of that outcome and as a result all outcomes in the Strategic Plan.

7. Financial Implications

7.1 The Business case for the UCCFSR set out the financial targets for the commercial element of its implementation and these are built into both this year's budget but also the medium term budget forecast. These are:

Theme	Type	Year 1	Year 2	Year 3	Year 4
		2013/14	2014/15	2015/16	2016/17
		£'000	£'000	£'000	£'000
Commercial	cost	330	415	525	525
Commercial	income	(300)	(710)	(1,310)	(1,460)
TOTAL		30	(295)	(785)	(935)

7.2 This table requires further breakdown so that the individual elements of the commercial work can be seen in the context of what they can bring to the overall target, this will include asset income streams/indicative forecasting table, savings (as opposed to income) streams including procurement plus the updated resource requirements for the new commercial team. As proposals come forward there could well be a requirement to invest in order to deliver income or savings and the overall budget attempts to indicate a

cost line as well as income. However it will only be when business cases come forward that will be able to be certain about the relative costs and the likely net outcome.

7.3 It is recognised that the financial implications requires substantial more work and this has already started and the Board will need to see regular updates of the situation.

8. Risk Management Implications

8.1 There are limited specific risks that relate to the implications of the decisions on this agenda. There is a risk that should the Board agree to look for possible external people to co-opt to the Board that suitable people may not come forward (especially at the existing level of remuneration) nevertheless we won't know the answer to this question until we start looking and will report back to the Board on progress.

8.2 There are numerous risks inherent with commercial undertakings and the Commercial Theme Group has already started work on pulling the risks into a register. The complete Risk Register is being compiled and will include amongst others the following range of risks:

- Timings of income delivery
- Services exposed to commercial choices before support is made available
- Level of investment needed
- No identified market for commercial opportunities
- 3rd party risks

9. Standard References

9.1 There are no particular references in this report that relate to the; publicity or consultation considerations; or; equality, diversity and human rights; community safety; or health and safety implications. However each of these will have to be considered as individual proposals come forward.

Background Papers

UCC FSR Business Case Cabinet Report 28 November 2012
Northern Gateway Vision Cabinet Report 05 September 2012



