

Trading Board

**Grand Jury Room, Town Hall
18 September 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.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to most public meetings. If you wish to speak at a meeting or wish to find out more, please refer to Attending Meetings and "Have Your Say" at www.colchester.gov.uk

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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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www.colchester.gov.uk

COLCHESTER BOROUGH COUNCIL TRADING BOARD

18 September 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 to silent;
- the audio-recording of meetings;
- 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 - 7

To confirm as a correct record the minutes of the meeting held on 14 August 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. Local Authority Company Structures

See report by the Strategic Director Commercial and Place

**No page
numbers**

8. Work Programme

See report by the Assistant Chief Executive

10 - 13

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).

**COLCHESTER BOROUGH COUNCIL
TRADING BOARD**

18 September 2013 at 6:00pm

Agenda - Part B

(not open to the public or the media)

Pages

10. Commercial Review of the CCTV and Community Alarms Service

The following report contains exempt information (financial/business affairs of a particular person, including the authority holding information) as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

See report by the Head of Commercial Services

TRADING BOARD

14 AUGUST 2013

Present :- Councillor Scott Greenhill (Chairman)
Councillors Kevin Bentley, Andrew Ellis, Bill Frame and
Julia Havis

Substitute Members :- Councillor Dave Harris for Councillor Cyril Liddy
Councillor Will Quince for Councillor Terry Sutton

Also in Attendance :- Councillor Nick Barlow
Councillor Paul Smith
Councillor Anne Turrell

6. Minutes

The minutes of the meeting of the Board held on 26 June 2013 were confirmed as a correct record.

7. Presentation from Simon Mead, Chief Executive, Eastern Enterprise Hub

Councillor Bentley (in respect of his membership of Essex County Council) declared a non pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

Councillor Frame (in respect of his membership of the Board of Colchester Community Stadium) declared a non pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

The Board received a presentation from Simon Mead, Chief Executive of the Eastern Enterprise Hub. He explained the Eastern Enterprise Hub had been set up over a two year period with support from Suffolk County Council to assist local entrepreneurs over their initial two year start up period with a view to creating sustainable businesses for the future.

Over 150 mentors had been recruited on a voluntary basis from local businesses and councils. The Hub comprised three core work streams:

- The Enterprise Academy for students
- The Enterprise Club for individuals to dip in and out of
- The School for Social Entrepreneurs East for businesses which aim to solve social problems, an important example of which was Lofty Heights, a loft emptying service which assisted elderly people to provide for their lofts to be insulated whilst also reducing energy use, raised awareness of benefit entitlement and reduced poverty.

The Hub was also contributing to the Essex Economic Growth Strategy by addressing the need for graduates with appropriate attitudes to work and by accelerating business

start ups.

The Colchester Hub was due to be officially launched in September 2013, based at the Community Stadium. Mentors were being recruited and it was planned to start an Enterprise Club by December and an Enterprise Academy by September 2014.

Simon went on to explain:

- The key characteristics of entrepreneurs
- The challenges to establishing an enterprise culture
- Examples of public services which had been developed as social enterprises

He also highlighted the mechanisms used with Norfolk County Council and their Independence Matters initiative, including the lessons that had been learnt to provide a change to an enterprise culture.

Particular discussion from the Board members was in relation to:

- The challenges of working within a Local Government environment and its Constitution
- The difficulties of making a change in culture in the public sector
- The importance of utilising the social enterprise model to the success of working within a public sector environment
- The ability of Local Authorities to carry out their functions through a trading company – Simon acknowledged that because of the way these companies were required to be set up he did not have any involvement in the concept, however he offered to contact his Local Authority partners to find out the type of models which had been successfully utilized
- The difficulties presented when seeking staff members at different levels of an organization to work together and to feel able to contribute openly and the strategies used to overcome these
- The possibility of the Enterprise Hub being utilized to assist setting up enterprises with good ideas which Local Authorities could support and from which the community could also benefit.

The Board members welcomed the contribution being made by the Eastern Enterprise Hub to small businesses in the region. In response to expressions of interest in the presentation being circulated to them, Simon offered to forward a more detailed presentation with additional information, together with further background information on the Lofty Heights service.

RESOLVED that –

- (i) Simon Mead be thanked for his interesting and thought provoking presentation and his valuable contribution to the meeting;
- (ii) Arrangements be made for the detailed presentation and background information about the Lofty Heights service, offered by Simon Mead to be circulated to the members of the Board in due course;

(iii) Arrangements be made for a report to be submitted to a future meeting of the Board on the type of company structures that can be set up within the powers for Local Authorities to trade through a company, including the example of a Local Authority Trading Company as well as identifying what each of the different structures mean, what they each do and how they each operate.

8. Trading Board - Terms of Reference

The Board had considered at its previous meeting the Terms of Reference which had been approved by the Cabinet and Council when the Council's administrative arrangements for 2013-14 had been formulated.

Adrian Pritchard, Chief Executive, presented to the Board a revised set of Terms of Reference following its request that they be reviewed to address concerns that they were too detailed and could potentially unduly hinder the working of the Board

RECOMMENDED to Cabinet that the revised Terms of Reference as set out below be approved:-

Trading Board - Terms of Reference

- a) Consider and review the activities performed by:
 - the commercial services arm of the Council
 - those services generating income of approximately £250,000 or above
 - any trading arms of the Council
 - any partly or wholly owned companies of the Council
- b) Identify and develop any new commercial agreements generating significant income for the Council for approval by Cabinet or Council.
- c) Develop the composition of any new body or bodies created wholly or in part by the Council for commercial purposes including their purpose; governance; operating model; business planning function; risk factors; and to recommend approval for such new arrangements to Cabinet or Council.
- d) 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 and recommended to Cabinet or Council for approval.
- e) Consider any proposed new/transfer or sale/purchase of company shares and make recommendations on these for approval by Council.
- f) Identify and recommend to Cabinet or Council major strategic opportunities for procurement of services from other companies, organisations, social enterprises and the voluntary and third sector.

g) 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.

9. Existing Income Streams

Adrian Pritchard, Chief Executive, presented a report by the Assistant Chief Executive giving details of the income budgets from the Council's ten key income streams, namely:

- Sport and Leisure
- Car Parks
- Cemetery and Crematorium
- Community Alarms
- Planning
- Trade Waste
- Building Control
- Domestic Waste
- Museums
- Land Charges

Two particular income areas had been excluded in respect of the North Essex Parking Partnership as it related to income across the whole partnership area and income from commercial / surplus properties which was linked to property sales / acquisitions and rent reviews.

The information provided showed income level variations between years and comparisons between current income and budgets. The report acknowledged that it would be necessary to consider service costs and incomes in more detail for the Board members to fully understand the financial position in more typically commercial 'profit and loss' terms.

The Board's Work Programme had been drawn up anticipating the need for selected service areas to be the subject of more detailed consideration by the Board and it planned that these exercises would include business plans with 'profit and loss' information which would enable the Board members to more adequately compare the service areas' performance and activity against other Local Authorities and other private sector companies.

A request was also made for the Board to be supplied with an opportunity to consider a report demonstrating, in respect of certain services areas:

- The measures a typical commercial enterprise would undertake to generate more money
- The measures a typical commercial enterprise would undertake that the Council is not doing
- The measures the Council could adopt to become more efficient.

RESOLVED that –

- (i) The information provided on key income streams be noted
- (ii) The Board be provided at a future meeting with a report on measures typical to commercial enterprises in the sport and leisure environment:
 - to generate more money;
 - that the council is not currently doing;
 - that would make services more efficient.

10. Procurement Health Check Report

Gareth Mitchell, the Head of Commercial Services presented a report giving details of the findings of a Procurement Health Check carried out by the East of England Local Government Association on the Council's procurement functions.

One of the challenges of the Universal Customer Contact Fundamental Service Review was to build a sustainable commercial services arm for the council which would create a focus for commercial activities throughout the organisation which would grow over time. As part of this commercial development work, it had been recognised that there was an opportunity to bring a more commercial approach to procurement, in particular to get better returns from the early assessment of procurement options and from the management of contracts once they were in operation.

The report had confirmed that, in terms of Compliance, the Council was adequately resourced and possessed the necessary skills. However, in terms of Buying and Contract Management, the Council's performance varied in terms of quality and consistency. In order to increase commercial activity and to realise significant savings in the order of £500k over two years, the report had recommended the appointment of a Commercial Procurement Manager on a two year fixed term contract. The report had also identified three options in terms of the location of the Council's corporate procurement functions, namely within:

- The new Commercial Services arm,
- The Corporate functions or
- The Braintree Procurement Hub.

The first option had been selected as the preference of the Council's Senior Management Team.

The members of the Board welcomed the proposals contained in the report and confirmed the view that significant savings would be generated if they were implemented by the Council. Reference was made to the need for clearly defined financial targets to be identified for a future Commercial Procurement Manager and, in order to assist the monitoring role of the Portfolio Holder for Business and Resources, part of that post holder's remit should include a commitment to regularly report on Quarterly basis to meetings of this Board.

Other suggestions that were discussed and which would be considered by the Head of Commercial Services prior to finalising any recruitment exercise, included the appropriate remuneration package for the Commercial Procurement Manager and staff in a more commercial environment generally, including the potential to consider utilising performance related pay and profit sharing arrangements. In addition reference was made to discussions at neighbouring Local Authorities in relation to procurement arrangements and whether it was possible to consider a shared arrangement.

Councillor Paul Smith, Portfolio Holder for Business and Resources, attended and, with the consent of the Chairman, addressed the Board explaining that he would be supportive of the suggestion for a Commercial Procurement Manager to be required to regularly report to the Board.

RESOLVED that –

- (i) The contents of the Procurement Health Check report be noted.

RECOMMENDED to Cabinet that:-

- (i) In view of the significant potential savings to be secured, arrangements be made for a Commercial Procurement Manager to be appointed on a two year fixed term contract;
- (ii) The appropriate future location of the Council's corporate procurement functions be within the new Commercial Services arm of the Council;
- (iii) The remit of the Commercial Procurement Manager be drawn up to include a requirement for the post holder to report to the Council's Trading Board on a Quarterly basis.

11. Work Programme 2013-14

Adrian Pritchard, Chief Executive, presented a report including an update, giving details of the provisional work programme for the Board which had been drawn up following a meeting of the Chairman, Deputy Chairman and Group Spokespersons. The programme provided for a review of one commercial service at each of the Board's future meetings for the year whilst allowing scope for additional items of business to be identified by Board members as appropriate.

Councillor Bentley referred to the usual practice of commercial boards to produce an Annual Report to its shareholders and proposed that the Trading Board consider adopting a similar practice whereby an Annual Report of the Board's activities be submitted to Cabinet and Council at the end of each Municipal Year.

Councillor Anne Turrell, Leader of the Council and Portfolio Holder for Strategy, attended and, with the consent of the Chairman, addressed the Board explaining that she would welcome the opportunity to address the Board at its meeting when it

considered the Northern Gateway Commercial Opportunity but that she would be unavailable on the meeting date propose for this item of business.

RESOLVED that –

- (i) The content and scheduling of the provisional work programme be agreed subject to the rescheduling of the item relating to the Northern Gateway.
- (ii) Arrangements be made for the Board to agree an Annual Report at the end of each Municipal Year for submission to Cabinet and Council.

18 September 2013

Report of	Starategic Director Commercial and Place	Author	Ian Vipond
Title	Local Authority Company Structures		282717
Wards affected	Not Applicable		

This report concerns informs the Board on the type of company structures that can be set up within the powers for Local Authorities to trade through a company.

1. Decision(s) Required

1.1 To note the information provided.

2. Reasons for Decision(s)

2.1 At its meeting on 14 August, the Board resolved to ask for an item on a future agenda of the Trading Board to inform the Board on the various company structures that could be set up within the powers of Local Authorities to allow them to trade through a company.

3. Alternative Options

3.1 The report is for information so the Board may wish to add or amend that information request.

4. Supporting Information

4.1 At its meeting on 14 August, the Board agreed to recommend to Cabinet its Terms of Reference which include a number of provisions to examine new commercial bodies and agreements which will help generate significant income for the Council. As part of that undertaking it is clear that the Board will consider a variety of options which could include new local authority companies. To this end the Board felt it would be useful to understand the broad range of options available to Councils in setting up such companies.

4.2 Attached is a paper by KPMG (appendix 1) that was felt to neatly summarise some of the options around a LATCO (Local Authority Trading Company). The paper is informing the debate from a particular angle which is around 'spin-outs', but this is not suggesting that the only spin out is a privately owned company and it quite neatly explores a range of new company options. Annex A 'different new company vehicles' is felt to be a very good short and clear definition of the various models and what they might do.

4.3 The paper explores the need to have a two stage approach and before forming the final company, in whatever form it takes, it suggests the best approach is to have what it calls an 'incubator stage'. This would appear good advice and it is likely that as options and business cases come forward for our own commercial services we will need to consider this approach.

4.4 This report is hopefully useful and informative. It is recognised that it does not attempt to assess the benefits of any particular model, but this will need to be done in the light of any business case that is prepared for any specific service. If there is a simple conclusion to date it is that there is no 'one model fits all' and each case will need detailed examination.

5. Strategic Plan References

5.1 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.

6. Standard References

6.1 There are no particular references to; publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

Trading Board

18 September 2013

Item

8

Report of	Assistant Chief Executive	Author	Richard Clifford ☎ 507832
Title	Trading Board Work Programme 2013-14		
Wards affected	Not Applicable		

This report concerns the work programme for the Trading Board 2013-14

1. Decision(s) Required

1.1 To note the Work Programme for the Trading Board.

2. Reasons for Decision(s)

2.1 At its meeting on 14 August, the Board agreed a provisional work programme and agreed that the work programme should be a standard item on the agenda for Trading Board meetings.

3. Alternative Options

3.1 It is open to the Board to agree amendments to the Work Programme.

4. Supporting Information

4.1 At its meeting on 14 August, the Board agreed a provisional work programme and agreed that the work programme should be a standard item on the agenda for Trading Board meetings.

4.2 The current work programme is attached at Appendix 1. This has been amended since the meeting of 14 August as follows:-

- At its meeting on 14 August the Board requested two further reports. The report on the type of company structures that can be set up within the powers for Local Authorities to trade through a company has been scheduled for this meeting. The report on measures typical to commercial enterprises in the sport and leisure environment will be scheduled once we are clearer on the timescale for this work.
- The Improvement East report on the Framework for Commercial Work has been rescheduled for the meeting on 20 November.
- The item on SPV Business Case/Northern Gateway has been rescheduled for the 12 March meeting to take account of the availability of the Leader of the Council.
- An item on the approval of the Annual Report to Cabinet and Council has also been added for the 12 March meeting following the decision of the Board at its meeting on 14 August that an Annual Report be prepared at the end of each municipal year.

5. Strategic Plan References

- 5.1 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.

6. Standard References

- 6.1 There are no particular references to; publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

Trading Board 2013-14 Work Programme

Date of Meeting	Scheduled items of business
14 August 2013	<p>Presentation from Simon Mead, Chief Executive of Eastern Enterprise Hub</p> <p>Revisions to Terms of Reference</p> <p>Procurement Overview</p> <p>The Council's main areas of income generation</p>
18 September 2013	<p>Situation Appraisal and Options Reports: CCTV/Community Alarms</p> <p>The type of company structures that can be set up within the powers for Local Authorities to trade through a company</p>
20 November 2013	<p>Improvement East report on Framework for Commercial Work</p> <p>Strategic Asset Management</p> <p>Commercial Service Review: Building Control</p>
8 January 2014	<p>Commercial Service Review: either Engineering or Cemetery and Crematorium</p> <p>Strategic Procurement Opportunities</p>
12 March 2014	<p>Commercial Service Review: either Engineering or Cemetery and Crematorium</p> <p>Trading opportunities existing CBC companies.</p> <p>SPV Business case/ Northern Gateway Commercial opportunity</p> <p>Workflow commercial opportunities</p> <p>Approval of Annual Report to Cabinet and Council</p>

Items to be scheduled	Report on measures typical to commercial enterprise in the sport and leisure environment (see minute 9, 14 August) Quarterly report by the Commercial Procurement Manager – to be scheduled once the Commercial Procurement Manager is appointed
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