

Trading Board

**Rowan House, 33 Sheepen
Road, Colchester
8 January 2014 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.

COLCHESTER BOROUGH COUNCIL TRADING BOARD

8 January 2014 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	1
(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:	
<ul style="list-style-type: none">• 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	
To confirm as a correct record the minutes of the meeting held on 20 November 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. Framework for Commercial Opportunities **2 - 20**

See report by the Strategic Director Commercial and Place.

8. Work Programme 2013/14 **21 - 23**

See report by the Assistant Chief Executive.

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**

8 January 2014 at 6:00pm

Agenda - Part B

(not open to the public or the media)

Pages

10. Minutes

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.

To confirm as a correct record the not for publication extract from the minutes of the meeting held on 20 November 2013.

11. Commercial Review of Community Alarms Service - Business Plan

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.

12. Commercial Review of Building Control Service - Situation Analysis and Options Paper

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.

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8 January 2014

Report of	Director of Commercial and Place	Author	Ian Vipond
Title	Framework for Commercial Opportunities		
Wards affected	Not applicable		

As part of the continued work to identify appropriate commercial opportunities for the Council to consider work has been undertaken to develop a framework for assessing projects and a potential pipeline for their consideration. This report outlines that work.

1. Decision(s) Required

- 1.1 To consider the report and confirm that the appraisal framework is an appropriate mechanism for assessing commercial opportunities as they come forward and that the Commercial Opportunity Matrix is a useful starting point for the identification of a pipeline of future assessments.

2. Reasons for Decision(s)

- 2.1 As the Trading Board continues to assess the commercial opportunities which the Council may develop and roll out as a business there has been a need to develop a methodology for their assessment. The 'Framework for Commercial Opportunities' provides this methodology together with a matrix of potential activities that then could be looked at in a potential pipeline. It is not fixed and the new Commercial Team will continuously need to assess opportunities as they are suggested and amend work programmes to bring forward the best opportunities at any time.

3. Alternative Options

- 3.1 The Trading Board can consider if the 'Framework' needs amending to provide different evidence to allow the Board to properly consider opportunities and reach their recommendations. The Board can also consider if there are specific activities which are missing from the initial Matrix of commercial opportunities which will remain a flexible document.

4. Supporting Information

- 4.1 As part of the mobilisation of the Council's new Commercial team, work was commissioned from the East of England LGA Improvement Team and their Lead Associate on Service Commercialisation, Dave Fergus, to identify an appropriate mechanism for appraising commercial opportunities. As part of this work he also looked at a potential pipeline

of opportunities for the Council to consider. Together these pieces of work form the 'Framework for Commercial Opportunities'.

- 4.2 Appendix 1 is the first of these pieces of work the 'Appraisal of Commercial Opportunities'. The Board will have begun to understand the format with which commercial reports are presented to the Board. These take the form of a Situation Analysis and Options Report and this is then followed by a Business Case. These are referred to in the Appendix as stage 2 and stage 3 of the process. The first stage, before it reaches the Board is an appraisal of the commercial opportunity. This is stage 1 and it is this for which Appendix 1 presents a 'how to' guide. It is essentially a guide for the new commercial team to use together with existing service officers to start the process of assessing whether there is a commercial opportunity which could deliver a business.
- 4.3 This 'how to' guide for this first stage seeks to present an initial appraisal which is not over complicated but presents an assessment methodology which will take people through a standard business assessment process. It provides a number of tools which allows the assessor to identify the commercial rationale; the scale and risk and; the practicality of whether there is a deliverable option. Tools to assess the market assessment include 'PESTLE' a 'Commercial SWOT' and Five Forces (Porter) model. Whether each of these is appropriate will depend on the individual case.
- 4.4 Appendix 2 is the second part of this Framework and is an initial matrix assessment of the Council's future business opportunities. It is likely to change over time, but it provides a starting point for the next phase of Commercial investigation and so provides a potential pipeline for the work. The matrix provides a cross check with the potential customer base for that specific activity.

5. Proposals

- 5.1 The proposal is to commence using the suggested Framework to bring forward proposals to the Trading Board in due course.

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 this year's budget but also the medium term budget forecast. As proposals come forward there could well be a requirement to invest in order to deliver income or savings. 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.

8. Risk Management Implications

8.1 There are numerous risks inherent with commercial undertakings and the Commercial Theme Group is already monitoring the work and the related risks. The complete Risk Register is being compiled and will include amongst others the following range of risks:

- Timings of income delivery
- Level of investment needed
- The Council financial regulation requirements restricting commercial decisions
- Services exposed to commercial choices before support is made available
- No identified market for commercial opportunities
- Various 3rd party risks

Background Papers

UCC FSR Business Case Cabinet Report 28 November 2012

Trading Board report 'Scoping the role and work programme of the Trading Board' 26 June 2013

Colchester BC: Appraisal of Commercial Opportunities

“How to” Guide – Stage 1

Corporate Objective:

The generation of additional commercial income to improve service resilience is a corporate priority for CBC.

A number of existing services are already undergoing active development to realise their commercial development potential. This is not intended to be the end of the process as we need to identify both other income streams and new, innovative business development opportunities.

Commercial Development Process:

The Council’s high-level process to support commercial development is:

Stage 1: Identify commercial opportunities, conduct a systematic appraisal and secure Senior Management Team agreement to pursue.

Stage 2: Produce a detailed Situation Analysis and secure Member approval to proceed (c/o Trading Board).

Stage 3: Prepare a full commercial Business Plan for Executive/Member sign-off, resource allocation and delivery.

This paper provides a simple “How to” guide for Managers to conduct Stage 1.

Commercial Fundamentals:

In developing opportunities, Managers need to be aware of the key drivers of profitable business (the objective):

- Market opportunity = unsatisfied customer need
- Differentiated service offer = reason for a customer to buy from CBC
- Lean operations = cost efficiency with full understanding of cost base
- Commercial pricing strategy = delivering sustainable financial contribution
- Effective sales and marketing = to convert opportunity into business
- Consistent, customer focussed service = culture and capacity, balancing internal and external demands

Through the 3 stage commercial development process, each of these profit drivers needs to be addressed and the associated risks need to be mitigated as far as practicable.

In Stage 1 Managers need to determine whether a potential opportunity offers an appropriate balance of potential reward and risk in terms of its:

- commercial rationale;
- scale and risk i.e. big enough to worthwhile without undue risk; and
- practicality i.e. deliverability, impact on core services and investment.

Sources of Opportunities:

Commercial opportunities can originate from a diverse range of internal and external sources. In terms of exploiting, or building upon, existing internal capabilities it can be helpful to think of:

- Expansion i.e. doing more of what is already done
- Extension of existing services, e.g.:
 - Service enhancements
 - Bolt on services or bundling of services as packages
 - Working outside of traditional boundaries
 - Selling into new customer groups
- New ventures i.e. activity above and beyond what is already done

In line with these themes, an Ideas Capture Template is included as Appendix 1 to this Guide.

Market Assessment:

To help develop market knowledge and inform opportunity assessment there are three recommended core business analysis tools:

PESTLE

PESTLE (“Political, Economic, Social, Technological, Legal and Environmental”) is a useful tool to understand the ‘macro’ environment external to an industry e.g. it can be used to understand what the key drivers are in terms of market development and so customer needs. In so doing, it will often inform a SWOT analysis and therefore should be done in advance of SWOT (as opposed to the reverse).

Commercial SWOT

SWOT is a simple, but powerful tool to provide an organisational overview for an organisation and/or other market participants i.e. competitors - all CBC appraisals should include this tool.

Five Forces (Porter)

Porter is a good model to understand the competitive position of an organisation within its industry based upon the five forces of competitive rivalry, threat of new entrants, power of buyers, power of suppliers and threat of substitutes.

6. Alternative Business Development Strategies

Having assessed the market opportunity, the Ansoff (Growth) Model can be used to help shape marketing and business development strategies.

	Existing Services	New Services
Existing Markets	Market penetration	Service development
New Markets	Market development	Diversification

Market penetration - Developing the sales of existing services to existing market(s). This is fine if there is plenty of market share to be had at the expense of competitors, or if the market is growing fast and large enough for the growth you need.

Service development - Developing or finding new products to take to existing market(s) is an attractive strategy if you have strong market share in a particular market but may ultimately produce diminishing returns.

Market development - Developing new markets for existing services including new sub-sectors. It helps to stay reasonably close to the markets you know and which know you as moving into completely different markets, even if the product/service fit looks good, holds risks being unknown territory.

Diversification - Taking new products into new markets. This is high risk - not only do you not know the products, but neither do you know the new market(s). This sort of activity should generally be regarded as additional and supplementary to the core business activity.

Having assessed the market and growth strategy, it is possible to specify the high level marketing mix based upon the 4 P's of "Product, Price, Place and Promotion" which should be considered in concert with "People and Process". This work is a core component of Stage 2, but initial consideration can and should be given in Stage 1.

7. Stage 1 Commercial Opportunity Templates and Examples

Attachment 1: Ideas Capture Template

Attachment 2: Stage 1 Opportunity Assessment Template

Attachment 3: Business Analysis Tools (Background & Templates)

For further guidance on how to complete these templates, please speak to Gareth Mitchell, Head of Commercial Services.

(Revised Draft) Issued: 4th December 2013

Attachment 2: Commercial Development – Assessment Template

Title:	Sponsor: Contact:
Opportunity Summary: Briefly describe the opportunity under assessment.	
Current Experience: Briefly set out CBC's operating experience in this service area including current income derived and specifying whether this opportunity is for service expansion, service extension or a new venture.	
Market Drivers (PESTLE / Five Forces): i.e. What drivers and changes in forces are driving the market and so affecting customer needs?	
Target Market Size / Customer Groups:	Main Competitors: (incl. relative market share)
Commercial SWOT: I.e. Relative to other market participants, what are CBC's Strengths and Weaknesses plus what Opportunities and Threats are there for CBC?	
Strengths:	Weaknesses:
Opportunities:	Threats:

Competitive Position: Summarise CBC's competitive position together with potential sources of competitive advantage / disadvantage (i.e. differentiators and USP's).

High Level Business Development Strategy: Specify as market penetration vs. service development vs. market development vs. diversification (Ansoff Model) together with key marketing mix (4P's) observations.

Barriers to Overcome: Briefly set out significant barriers to commercial development e.g. political acceptability, adverse market perceptions, capability gaps, lack of operating capacity, etc.

Targeted Financial Returns (All Figures £000's)

	Year 1	Year 2	Year 3
Sales Revenue			
Less: Cash Operating Cost			
Equals: Contribution (pre overhead)			
Less: Specific overhead			
Equals: Marginal Contribution			
Investment: Revenue (Opex)			
Investment: Capex			

Risks and Investment Requirements: Specify the financial risks and net investment requirement to deliver the targeted returns.

Other Comments and Considerations e.g. TUPE / Pensions considerations, consultation requirements,

Attachment 3 – Business Analysis Tools (Background & Templates)

PESTLE: Political, Economic, Social, Technological, Legal and Environmental

The PESTLE analysis is a useful tool to understand market growth or decline, and as such the position, potential and direction for a business. Completing a PESTLE analysis is simple and it is a good subject for workshop sessions and also works well in brainstorming meetings.

The component elements of PESTLE vary in significance, in particular “Political” factors can assume a very high importance in the local authority context.

PESTLE is a refinement of “PEST” and some would consider that the additional segments are superfluous. However, again in the local authority context there are some specific considerations that associate with Legal (e.g. charging versus trading regime, governance arrangements etc) and Environment can be pertinent depending upon the corporate commitment to carbon footprint reduction etc.

There is some overlap between PESTLE and SWOT in that similar factors appear in each. That said, PESTLE and SWOT are certainly two different perspectives:

- PESTLE tends to assess a market, including competitors, from the standpoint of a particular proposition or a business.
- SWOT in business and marketing tends to be an assessment of a specific business or proposition, whether it is your own business or a competitor's business or proposition.

In turn, PESTLE analysis may be useful before SWOT analysis where it helps to identify SWOT factors. Alternatively PESTLE analysis may be incorporated within a SWOT analysis, to achieve the same effect.

PESTLE becomes more useful and relevant the larger and more complex the organisation or proposition, but even for small or merging businesses a PESTLE analysis can still throw up one or two very significant issues that might otherwise be missed.

PESTLE Analysis Template

Situation

being

analysed:

PESTLE analysis (political, economical, social, technological, legal and environmental) assesses a market, including competitors, from the standpoint of a particular proposition or a business.

<p>Examples</p> <ul style="list-style-type: none"> Ecological/environmental current legislation Future legislation European legislation Regulatory bodies and processes Local political policies Central Government policies Government term and change Trading policies Funding, grants and initiatives Pressure-groups 	<p>Political</p>	<p>Economic</p>	<p>Examples</p> <ul style="list-style-type: none"> Economic trends General taxation Seasonality issues Market/trade cycles Specific industry factors Market routes trends Customer drivers Interest rates
<p>Examples</p> <ul style="list-style-type: none"> Lifestyle trends Demographics Consumer attitudes and opinions Media views Law changes affecting social factors Brand image Consumer buying patterns and trends Ethnic/religious factors Advertising and publicity Ethical issues 	<p>Social</p>	<p>Technological</p>	<p>Examples</p> <ul style="list-style-type: none"> Competing technology development Associated/dependent technologies Replacement technology/solutions Maturity of technology information and communications Consumer buying mechanism/technology Technology legislation Innovation potential Licencing, patents Intellectual property
<p>Examples</p> <ul style="list-style-type: none"> General Power of Competence (GPC) Charging versus trading regime compliance Governance issues Fiscal taxation issues 	<p>Legal</p>	<p>Environmental</p>	<p>Examples</p> <ul style="list-style-type: none"> Carbon footprint

Attachment 3 – Business Analysis Tools (Background & Templates)

SWOT: Strengths, Weaknesses, Opportunities and Threats

Modern SWOT analysis in business and marketing situations is normally structured so that a 2x2 matrix grid can be produced, according to two pairs of dimensions.

Strengths and Weaknesses are 'mapped' or 'graphed' against **Opportunities and Threats**.

To enable this to happen cleanly, clearly and from a logical point of view, **Strengths and Weaknesses** are regarded distinctly as **internal factors**, whereas **Opportunities and Threats** are regarded distinctly as **external factors** – a typical matrix template is included on the next page.

As an exercise in itself, SWOT has no benefit unless and until issues identified are translated into actions. In so doing, it is generally helpful to sort issues into standard programme planning categories as follows:

1. **Service** (what are we selling?)
2. **Process** (how are we selling it?)
3. **Customer** (to whom are we selling it?)
4. **Distribution** (how does it reach them?)
5. **Finance** (what are the prices, costs and investments?)
6. **Administration** (and how do we manage all this?)

The next step then becomes 'what shall we do' about the issues in each of these categories.

There are other ways of applying SWOT, depending on the specific circumstances and aims. For instance if concentrating on a single service element rather than a whole council, then it could make sense to revise the six categories to reflect the functional parts of the relevant department, or whatever will enable the issues to be translated into manageable, accountable and owned aims.

In using SWOT as a tool it is necessary to be mindful of its limitations. For example, in the categorization of internal and external factors (and notably limiting the assessment of threats and opportunities to external factors only), it is very easy then to miss threats and opportunities that can exist internally. Some such internal threats and opportunities can be substantial, for example in relation to self imposed restrictions arising from the local political environment.

Be mindful therefore that the 'simplified' SWOT 2x2 matrix 'internal/external' method is not a reliable tool alone for identifying all threats and opportunities within organizations, or indeed any other situation i.e. it needs to be supplemented by other business analysis tools to ensure that a full picture is obtained.

SWOT Analysis Template

State what you are assessing here _____

(This particular example is for a new business opportunity. Many criteria can apply to more than one quadrant. Identify criteria appropriate to your own SWOT situation.)

Advantages of proposition?
 Capabilities?
 Competitive advantages?
 USP's (unique selling points)?
 Resources, Assets, People?
 Experience, knowledge, data?
 Financial reserves, likely returns?
 Marketing - reach, distribution, awareness?
 Innovative aspects?
 Location and geographical?
 Price, value, quality?
 Accreditations, qualifications, certifications?
 Processes, systems, IT, communications Management cover, succession?
 Philosophy and values?

Market developments?
 Competitors' vulnerabilities?
 Industry or lifestyle trends?
 Technology development and innovation?
 New markets, vertical, horizontal?
 Niche target markets?
 Geographical, export, import?
 New USP's?
 Tactics: eg, surprise, major contracts?
 Business and product development?
 Information and research?
 Partnerships, agencies, distribution?
 Volumes, production, economies?
 Seasonal, weather'?

Strengths Maintain, Build & Leverage

Weaknesses Remedy or Exit

Disadvantages of proposition?
 Gaps in capabilities?
 Lack of competitive strength?
 Reputation, presence and reach?
 Financials?
 Own known vulnerabilities?
 Timescales, deadlines and pressures?
 Continuity, supply chain robustness?
 Effects on core activities?
 Reliability of data, plan predictability?
 Morale, commitment, leadership?
 Accreditations, etc?
 Processes and systems, etc?
 Management cover?

Opportunities Prioritise and Exploit

Threats Counter

Political effects?
 Legislative effects?
 Environmental effects?
 IT developments?
 Competitor intentions - various?
 Market demand?
 New technologies, services, ideas?
 Vital contracts and partners?
 Sustaining internal capabilities?
 Obstacles faced?
 Insurmountable weaknesses?
 Loss of key staff?
 Sustainable financial backing?
 Economy - home, abroad?
 Seasonality, weather effects?

Attachment 3 – Business Analysis Tools (Background & Templates)

Five Forces (Porter Model)

Porter's Five Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're considering moving into.

With a clear understanding of where power lies, you can seek to take advantage of a situation of strength, improve a situation of weakness and avoid taking wrong steps. This makes it an important part of your planning toolkit. Conventionally, the tool is used to identify whether new products, services or businesses have the potential to be profitable. However it can be very illuminating when used to understand the balance of power in other situations.

The tool assumes that there are five important forces that determine competitive power in a business situation, being:

1. **Supplier Power:** Here you assess how easy it is for suppliers to drive up costs. This is driven by the number of suppliers, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have, and the more you need suppliers' help, the more powerful your suppliers are.
2. **Buyer Power:** Here you ask yourself how easy it is for buyers to drive prices down. Again, this is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on. If you deal with few, powerful buyers, then they are often able to dictate terms to you.
3. **Competitive Rivalry:** What is important here is the number and capability of your competitors. If you have many competitors, and they offer equally attractive products and services, then you'll most likely have little power in the situation, because suppliers and buyers will go elsewhere if they don't get a good deal from you. On the other hand, if no-one else can do what you do, then you can have tremendous strength.
4. **Threat of Substitution:** This is affected by the ability of your customers to find a different way of doing what you do – for example, if you supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it. If substitution is easy or viable, then this weakens your power.
5. **Threat of New Entry:** Power is also affected by the ability of people to enter your market. If it costs little in time or money to enter your market and compete effectively, if there are few economies of scale in place, or if you have little protection for your key technologies, then new competitors can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favourable position and take advantage of it.

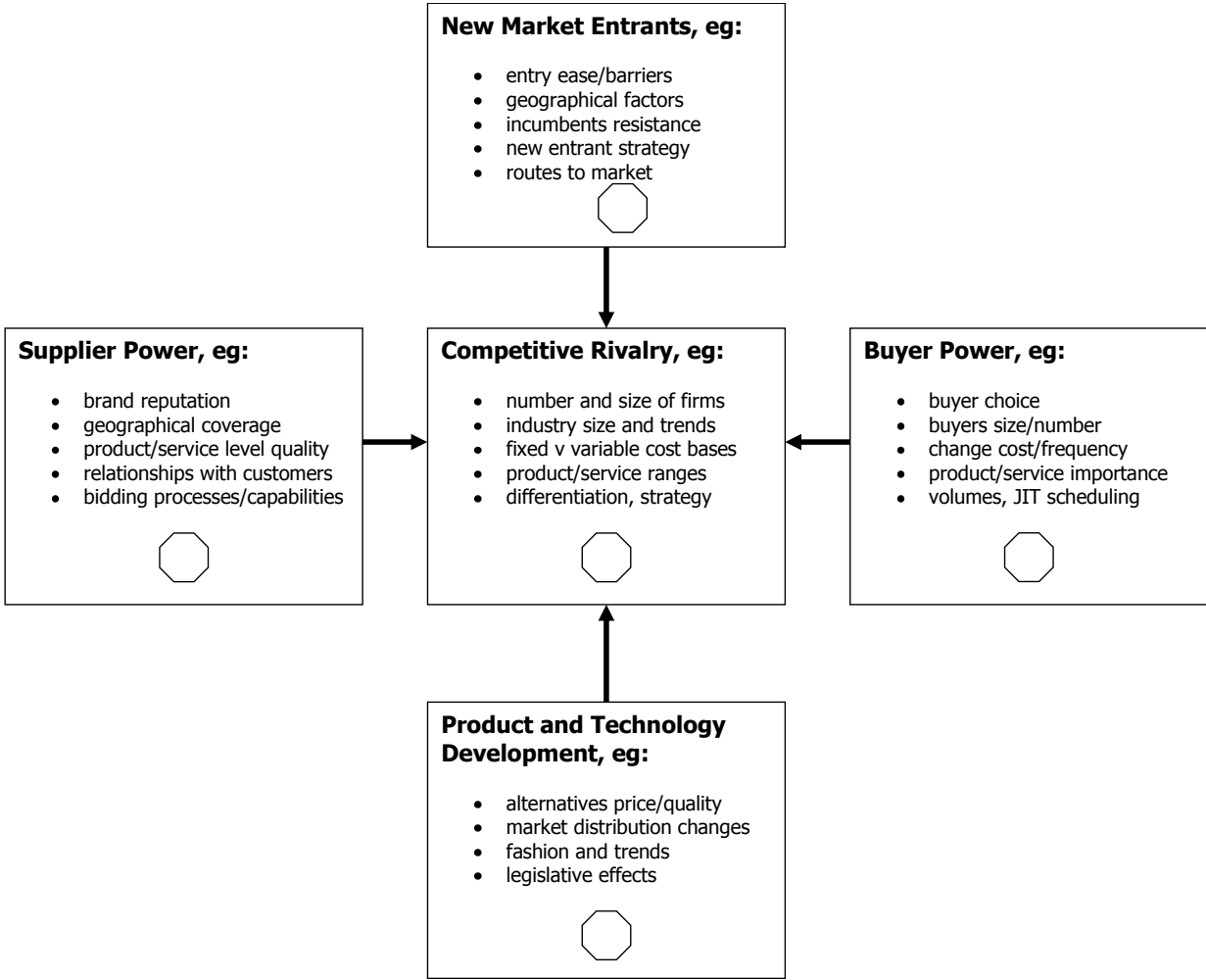
Porter Five Forces – Analysis Template

To use the tool to understand your situation, review each of the forces one-by-one and write your observations on a worksheet following the template diagram below.

To do so, brainstorm the relevant factors for your market or situation, and then check against the factors listed for the force in the diagram. Then mark the key factors on the diagram, and summarize

the size and scale of the force on the diagram. An easy way of doing this is to use a single "+" sign for a force moderately in your favour, or "--" for a force strongly against you etc. Then look at the situation you find using this analysis and think through how it affects you.

Bear in mind that few situations are perfect; however looking at things in this way helps you think through what you could change to increase your power with respect to each force. What's more, if you find yourself in a structurally weak position, this tool helps you think about what you can do to move into a stronger one.



Attachment 3 – Business Analysis Tools (Background & Templates)

Marketing Mix (4P's)

The marketing mix is a business tool that can be crucial when determining a product or brand offer, often synonymous with the **Four Ps**: *Price, Product (or Service), Promotion, and Place*.

In many ways, this goes to the heart of what marketing is, which can in simplistic terms is “Putting the right product (or offering the right service), in the right place, at the right price at the right time” (which sounds simple enough, but in practical terms if you get one component wrong the consequences can be significant).

In services marketing, these 4P's are sometimes expanded to address the specific nature of services e.g. by adding the components *People and Processes*.

One of the best ways to inform the marketing mix can be to ask some key questions e.g.

Product/Service

- What does the customer want from the service?
- What needs does it satisfy?
- What features does it have to meet these needs? (i.e. customer benefits derived)
- Are you including costly features that the customer won't actually use?
- How and where will the customer use it?
- How will customers experience it?
- How is it to be branded?
- How is it differentiated versus your competitors?
- What is the most it can cost to provide, and still be sold sufficiently profitably?

Place:

- How will customers look for and access your service?
- Do you need to use a sales force?
- What do your competitors do, and how can you learn from them and/or differentiate?

Price:

- What is the value of the product or service to the customer?
- Are there established price points for products or services in this area?
- Is the customer price sensitive?
- Will a small decrease in price gain you extra market share or will a small increase be indiscernible, so gaining you extra profit margin?
- What discounts should be offered to specific segments of your market? (or early adopters)
- How will your price compare with your competitors?

Promotion:

- Where, when and how can you get across your marketing messages to your target market?
- Are there any wider environmental issues that suggest or dictate timing?
- How do your competitors do their promotions?
- How does that influence your choice of promotional activity?

CBC Commercial Opportunity Matrix

Customer Group

	Residents	Business	Schools / Education Institutes	Landlords / Letting Agents	Other Housing Associations	Other Local Authorities	Other Parties / Stakeholders (Specify)	
<p><u>A. CORE BUSINESS OPERATIONS</u></p> <ul style="list-style-type: none"> • Cemetery and Crematorium • Building Control • CCTV / Alarm Monitoring • Community Alarms (Careline/Healthline) 	Core Core Develop Core	No Expand Expand No	No No Develop No	No No Minor No	No No No Minor	No Collaborate Collaborate Explore	Funeral Directors N/A Police Health Commissioners	
	<p><u>B. EXISTING ACTIVITIES</u></p> <p>Phase II Focus Areas:</p> <ul style="list-style-type: none"> • Commercial waste services • Property clearance • Pest control • Venue management (Town Hall, Castle etc) incl. weddings, catering, photographic fees etc <p>Phase III Potential (Pipeline):</p> <ul style="list-style-type: none"> • Fleet management and workshop services • Street-Scene incl. grounds maintenance, deep cleansing, graffiti, abandoned vehicles, play area inspection c/o Veolia 	Minor Minor Core Core	Core Minor Expand Expand	Expand Minor Minor No	Minor Develop Expand No	No Minor Minor No	No No No No	N/A N/A N/A N/A
		Develop Develop	Develop Develop	No Develop	No Develop	Minor Minor	No No	N/A N/A
		Develop Develop	Develop Develop	No Develop	No Develop	Minor Minor	No No	N/A N/A

<ul style="list-style-type: none"> • Food hygiene courses • Tree inspection service 	No Develop	Expand Minor	Expand Develop	No Minor	No Minor	No Minor	No	N/A N/A
<p><u>C. NEW ACTIVITIES</u></p> <p>Phase II Focus Areas:</p> <ul style="list-style-type: none"> • 3rd party car parking enforcement • Managing back office services (UCC) <p>Property Related Services</p> <ul style="list-style-type: none"> • Planned and preventative maintenance services (in concert with CBH/NPS?) • Welfare adaption and DDA work • Operation as a letting agency • Residential property management (long term leasing and management of private sector properties) • Use of funds to build (income generating) housing • Improvement of land asset (rather than selling off assets piecemeal) • Developer on own account e.g. re-development of own land <p>Phase III Potential (Pipeline):</p> <ul style="list-style-type: none"> • Parking management for other authorities (North Essex model+) • Advertising/sponsorship of CBC assets • Provide professional services 	No Develop	Expand Minor	Expand Develop	No Minor	No Minor	No Minor	No	N/A N/A
	No Develop	Develop Minor	Develop	Develop	Develop	Develop	No	N/A N/A
	Minor	Develop	Develop	Develop	Develop	Develop	No	N/A
	Develop No	Develop No	Minor No	Develop	Minor No	Develop	No	N/A N/A
	Develop	No	No	Develop	No	No	No	N/A
	No	No	No	No	No	No	No	Co-developer
	No	No	Minor	No	No	No	No	Co-developer
	No	No	No	No	No	No	No	Co-developer
	No	No	No	No	No	No	No	N/A
	No	Develop Minor	Minor	No	No	No	Collaborate	N/A
	No	Develop Minor	Minor	No	No	No	No	N/A N/A

<ul style="list-style-type: none"> • Overseeing landscape construction on new works • Welfare rights training • Solar farm development project 	No	Minor	Develop No No	No	Develop Develop No	Explore Develop No	N/A N/A Co-developer
<p><u>D. MARKETING AND/OR INCOME MAXIMISATION AREAS</u></p> <ul style="list-style-type: none"> • Sale of recycled materials • Car parking • Sport & Leisure (c/o FSR) • Castle • Market development • Investment portfolio / rentals • Planning & Building Control fees 	No	No	No	No	No	No	



Trading Board

Item

8

8 January 2014

Report of	Assistant Chief Executive	Author	Richard Clifford
Title	Trading Board Work Programme 2013-14		☎ 507832
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 The current work programme is attached at Appendix 1. The reports on the further options for the Cemetery and Crematorium and on Council Recharges agreed at the last meeting have provisionally scheduled for the March meeting.

4.2 The Board may also wish to note that the date for the March meeting of the Board has been changed to 26 March 2014. This is to give a more even spread to the work programme by ensuring that there will not be such a long gap between the last meeting of this municipal year and the first meeting of the next municipal year in June 2014.

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 Operational 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>Commercial Service Review: Situation Analysis and Options Paper: Cemetery and Crematorium</p>
8 January 2014	<p>Commercial Service Review: Situation Analysis and Options Paper: Building Control</p> <p>Improvement East report on Framework for Commercial Work</p> <p>Commercial Service Review: Business Case for Community Alarms/CCTV</p>
26 March 2014	<p>Commercial Service Review: Business Case for Building Control</p> <p>Commercial Service Review: Further report on options for Cemetery and Crematorium</p> <p>Commercial Service Review: Situation Analysis and Options Paper: Engineering</p> <p>Trading opportunities existing CBC companies.</p>

	<p>SPV Business case/ Northern Gateway Commercial opportunity</p> <p>Workflow commercial opportunities</p> <p>Council Recharges</p> <p>Approval of Annual Report to Cabinet and Council</p>
<p>Items to be scheduled</p>	<p>Report on measures typical to commercial enterprise in the sport and leisure environment (see minute 9, 14 August)</p> <p>Quarterly report by the Commercial Procurement Manager – to be scheduled once the Commercial Procurement Manager is appointed</p> <p>Strategic Asset Management</p> <p>Feasibility of Supermarket Levy</p>

