

Trading Board Meeting

**G3, Rowan House, 33 Sheepen Road,
Colchester, CO3 3WG**

Wednesday, 06 August 2014 at 18:00

The role of the Trading Board is 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, and 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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The Council audio records all its public meetings and makes the recordings available on the Council's website. Audio recording, photography and filming of meetings by members of the public is also permitted. The discreet use of phones, tablets, laptops and other such devices is permitted at all meetings of the Council, with the exception of Committee members at all meetings of the Planning Committee, Licensing Committee, Licensing Sub-Committee and Governance Committee. It is not permitted to use voice or camera flash functionality and devices must be kept on silent mode. Where permitted, Councillors' use of devices is limited to receiving messages and accessing papers and information via the internet. Viewing or participation in social media is at the discretion of the Chairman / Mayor presiding at the meeting who may choose to require all devices to be switched off at any time.

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 use one of the contact details at the bottom of this page and we will try to provide a reading service, translation or other formats you may need.

Facilities

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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e-mail: democratic.services@colchester.gov.uk

www.colchester.gov.uk

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.

COLCHESTER BOROUGH COUNCIL

Trading Board

Wednesday, 06 August 2014 at 18:00

Member:

Councillor Julia Havis
Councillor Bill Frame
Councillor Kevin Bentley
Councillor Roger Buston
Councillor Robert Davison
Councillor Mark Cory
Councillor Dave Harris
Councillor Justin Knight
Councillor Rosalind Scott

Chairman
Deputy Chairman

Substitutes:

All members of the Council who are not Cabinet members.

AGENDA - Part A

(open to the public including the press)

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

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**

To confirm as a correct record the minutes of the meeting held on 18 June 2014.

18-06-14 public copy

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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 judgement 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 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.

6 Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent, to give reasons for the urgency and to indicate where in the order of business the item will be considered.

7 Briefing on Supermarket Levy

15 - 18

See report by the Head of Commercial Services.

8 Work Programme 2014/15

19 - 20

See report by the Assistant Chief Executive.

9 Exclusion of the Public (not Scrutiny or Executive)

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).

Part B

(not open to the public including the press)

- 10 **Minutes of meeting 18 June 14 not for publication extract**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 11 **Commercial Business Development - Community Alarms**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 12 **Commercial Business Development - Monitoring/CCTV**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13 **Commercial Business Development - Bereavement Services**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 14 **Commercial Business Development - Building Control**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 15 **Procurement Savings**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

TRADING BOARD

18 JUNE 2014

Present :- Councillor Julia Havis (Chairman)
Councillors Kevin Bentley, Roger Buston, Mark Cory,
Robert Davidson, Bill Frame, David Harris, Justin Knight
Substitute Members Councillor Cyril Liddy for Councillor Julie Young

Also Present: - Councillor Turrell and Councillor Smith

3. Minutes

The minutes of the meeting on 26 March 2014, including the not for publication extract published in part B of the agenda, were confirmed as a correct record.

4. Annual Report 2013-14

The Board considered a report setting out a draft Annual Report for the Trading Board for 2013/14. Ian Vipond, Strategic Director, Commercial and Place, explained that the Board had specifically agreed that it would produce an Annual Report, in a form similar to that of a Company report. The intention was that the report would provide an opportunity for the Board to report to both Cabinet and to the wider public on the work it had undertaken. Given that much of the work it had undertaken was commercially sensitive in nature and was reported on the Part B agenda, the Annual Report gave an opportunity to demonstrate publicly what the Board had achieved. The nature and format of the report was likely to change in future years once the Board was in a position to report on trading figures.

Members of the Board commented that the report provided a good introduction to the work of the Board. Whilst the Board were content with the content of the report, it was felt that the presentation and style of the report could be improved to make it more “punchy”. An Annual Report was a marketing opportunity as well as a reporting tool. It was suggested that the achievements of the Board should be given more prominence and reported earlier, that greater use should be made of pictures and a more relevant image should be used on the front cover. In future years, the draft report should be circulated to Board members, although it was accepted that timescales around the first meeting of the Board had made this difficult on this occasion. It was agreed that the amended report should be submitted to Group Spokespersons for approval in advance of submission to Cabinet.

RESOLVED that the Annual Report 2013/14 be amended in line with the comments of the Board and the revised report be submitted to the Group Spokespersons for final approval on behalf of the Trading Board.

For action by:	Target Date
Strategic Director, Commercial and Place	July 2014

RECOMMENDED TO CABINET that it receive and note the Trading Board's Annual Report 2013/14.

For action by:	Target Date
Democratic Services Officer	July 2014

5. Recharges

The Board considered a report setting out the current arrangements and methodology for corporate recharges in the Council's accounts. Sean Plummer, Strategic Finance Manager, introduced the report and explained that the purpose of recharges was to enable the full costs of services to be shown. This aided comparisons of costs with other organisations and enabled decision making on financial issues, such as charges and subsidies, to be taken in the light of full information. It was stressed that work was being undertaken to ensure that recharges were as transparent as possible and were directed to the appropriate part of the Council to ensure that the costs of services were as accurate as possible. As the Council moved to a trading environment, recharges would need to be considered when business cases were drawn up, particularly where changes were proposed that could impact on support costs. In particular, where it was proposed that services be delivered through separate companies it would be necessary to agree appropriate charges for services.

The Board thanked Sean for his report and presentation, which it considered to be very useful and informative. In the course of discussion the following issues were raised:-

- The importance of a proper appreciation of recharges in assessing the potential viability of a service or trading company.
- The need for recharges to be levied on an accurate basis. For instance, the allocation of recharges for central stationary costs on the basis of full time equivalents seemed unfair on those services where many staff were not office based, such as Leisure World or Zone Wardens. In response Sean stressed the need for recharges to strike a balance between being reasonable and also being straightforward to administer. If the recharging process were overly complex this would increase administration costs.
- How managers were able to control costs for support services and whether managers would be given the freedom to procure services and goods externally where this provided better value than through a corporate recharge? If managers were then allowed to retain some of the savings in their own budgets this would provide an incentive to find savings. It was explained that services had traditionally had their own budgets for many services, but pooling these into central budgets ensured that procurement processes were more efficient.
- Where savings were made in services, the impact this had on recharges. Sean confirmed that where costs reduced, recharges would be reduced accordingly.
- Considerable savings in support service costs had been delivered or identified recently through the programme of Fundamental Service Reviews, in particular through the Corporate and Financial Management FSR.

In respect of the relevance of the recharges to the work of the Trading Board, Gareth Mitchell, Head of Commercial Services, stressed the paramount importance of understanding costs when considering trading opportunities. The Board would need to look at some of the more marginal costs of services when it was looking to exploit business opportunities and needed to be prepared to challenge robustly costs charged to those services where business opportunities were being developed.

RESOLVED that:-

(a) The Board's thanks to Sean Plummer for his helpful presentation and report be recorded.

(b) The arrangements and methodology for recharges within the Council's accounts be noted.

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).

6. Proposal to Establish a Revolving Investment Fund

The Board considered a report setting out a proposal to establish a Revolving Investment Fund. Fiona Duhamel, Economic Growth Manager, and Sean Plummer, Strategic Finance Manager, attended and presented the proposals in detail to the Board. The Revolving Investment Fund (RIF) would be a ring-fenced account which would provide a structured process to deliver high income producing developments and investments, which would help the Council meet challenging future financial targets.

The Board were supportive of the proposals but sought some clarification over some of the governance issues involved. It was confirmed that the Monitoring Officer had been consulted on the proposals. The RIF would be managed through a RIF Committee, which would have specific powers delegated to it by Cabinet. It would be a formal Committee, made up a number of Cabinet members. It would be subject to the usual statutory requirements on notice of meetings and publication of decisions. Its decisions would be subject to call in. In terms of financial governance, it was stressed that capital and revenue streams would be kept separate.

The Board noted that it was proposed that the Trading Board should review the performance of the RIF Committee. However, it considered that it would be beneficial for both the RIF Committee and the Trading Board if the Chairman of the Trading Board were to be a member of the RIF Committee on an ex-officio basis.

The Board noted that the Terms of Reference were not included within the report and that the timescales were such that it would not be possible to refer these back to the Trading Board before the proposals were due to be considered by the Cabinet. The Board requested that the Terms of Reference be circulated to Group Spokespersons for approval before submission to Cabinet.

Members of the Board also sought clarification on what provision would be made for expert commercial advice for members of the RIF Committee and suggested some funding should

be specifically set aside for this. Councillor Turrell, Portfolio Holder for Economic Development and Regeneration, explained that members would take advice as necessary, as they did within their Portfolios. If external expert advice was needed, this would be commissioned but it was not necessary to put in place a formal mechanism or funding arrangement for this. Ian Vipond, Strategic Director, Commercial and Place, stressed that this was the approach that had been taken with the management of Northern Gateway and had worked well.

Members of the Board also suggested that the sources of pump prime funding for the RIF should also include other projects (for example Business Incubation Units), section 106 funding and New Homes Bonus Funding. It was confirmed that prudential borrowing could also be used, but would be subject to the overall borrowing limits set in the budget. However, section 106 funding was unlikely to be suitable as it tended to be allocated for specific uses or sites.

RESOLVED that:-

(a) The proposed Terms of Reference for the Revolving Investment Fund Committee be submitted to the Trading Board Group Spokespersons for agreement on behalf of the Board.

For action by:	Target Date
Strategic Director, Commercial and Place	July 2014

(b) It be noted that subject to the final details relating to the creation and management of the Revolving Investment Fund including the Terms of Reference will be the subject of a report to the next Cabinet meeting.

RECOMMENDED to CABINET that it considers:-

(a) Establishing a Revolving Investment Fund (RIF) for the commercial management, disposal of and investment into key assets in order to drive forward income generation projects.

(b) Ringfencing capital receipts from a number of key identified assets and limited revenue funding, subject to agreement of final details including Terms of Reference for the Revolving Investment Fund.

(c) Creating a Cabinet committee to be known as the RIF Committee in accordance with the proposals contained at paragraph 10.5 of the Head of Commercial Services report, subject to the addition of the Chairman of the Trading Board as a member of the Committee on an ex-officio basis.

For action by:	Target Date
Democratic Services Officer	July 2014

7. Work Programme 2014-15

The Board considered a report concerning the Work Programme for the Trading Board 2014-15. It was noted that additional items of business, particularly in relation to the commercial reviews of services would be scheduled in due course. The Board noted that reviews of the RIF Committee would also need to be included in the work programme.

RESOLVED that the Work Programme for the Trading Board be noted, subject to the scheduling of a review of the RIF Committee in due course.

For action by:	Target Date
Democratic Services Officer	July 2014

Trading Board Report

Gareth Mitchell – Head of Commercial Services

Briefing on the “Supermarket Levy”

Purpose

The purpose of this paper is to provide background to the potential levy that could be imposed on large retail units, the ‘Supermarket Levy’ which is being considered by some local council’s across England.

Background Information - What is the Supermarket Levy?

- The Sustainable Communities Act 2007 provides an opportunity for local people to ask central government via local government to remove legislative or other barriers that prevent them from improving the economic, social and environmental well-being of their area.
- ‘Local Works’, an organisation set up by ‘Unlock Democracy’, is campaigning for local authorities to have the power to put an 8.5% levy on large retailers, called the ‘Supermarket Levy’
- The Sustainable Communities Act enables local authorities to be able to ask the Secretary of State if they can charge a levy to large retailers in their area. It is suggested that this be those with a rateable annual value not less than £500,000; and requires that the revenue from this levy go directly to the Local Authority in order to be used to improve local communities in their areas by promoting local economic activity, local services and facilities, social and community wellbeing and environmental protection.

Examples of the Supermarket Levy being applied

Currently Northern Ireland operates a large retail levy. There has been a 15% retail levy on properties with a rateable value of £500,000 or more since April 2012.

Scotland has recently introduced a ‘public health supplement, a 9.3% levy on retail outlets with a rateable value over £300,000 that sell alcohol and tobacco.

Examples of Local Authorities currently considering applying a Supermarket Levy

Lambeth Council – Resolved in February 2014 to make a formal proposal to government to give them the power to put a levy on large supermarkets

Derby Council – A 4 week consultation with residents and businesses has recently been concluded. The results will be used to inform whether, or not, to progress a formal proposal to government

Oxford City Council – April 14th 2014 decision to actively lobby 114 UK Labour Council Leaders to support the 'Local Works' campaign – Oxford has pledged to push for the power to apply the levy

Wiltshire County Council – Task Group set up in March 2014 to consider the proposal alongside the Community Infrastructure Levy as part of its 2014/15 work programme.

Examples of Local Authorities who have considered and rejected the application of a Supermarket Levy

Dover District Council - October 2013 agreed by Cabinet that no further action should be taken for the following reasons:

- (a) It would be anti-competitive for the Council's position in relation to its neighbouring districts
- (b) It would be inflationary
- (c) It would deter inward investment to the District from larger retailers
- (d) The financial benefits are too uncertain and appear too minimal to make a significant difference.

Other examples of areas that have looked at this proposal and rejected it are Bristol, Leeds and Gloucestershire.

Applying the levy in Colchester

Applying the levy in 2014/15 of 8.5% to large retailers in Colchester with a rateable value of more than £500,000 would realise £1.42m.

Planning Policy perspective on the Supermarket Levy

The Supermarket Levy may not sit comfortably with the Community Infrastructure Levy (CIL). CIL has the advantage of being a general method of spreading infrastructure costs and would be seen to be more equitable than just targeting supermarkets, particularly since CIL goes through an examination process.

Colchester will be developing a CIL charge, which is currently expected to cover new retail developments as follows;

- 1. Convenience (food) Retailing - £240 per sq m
- 2. Comparison Retailing – a. £0 in Town Centre
b. £90 per sq m elsewhere

In terms of future growth of supermarket capacity in Colchester, the NLP Colchester Retail Study (March 2013) projections indicate that there is scope for one large food store in the Colchester Urban area in the short term (up to 2016). In the medium to long term (up to 2021) there is a requirement for 1-2 large food stores in the borough.

For and Against

For the Levy

- To provide a fairer marketplace for local retail.
- To use the revenue from this rate to assist smaller local businesses, for example independent shops, and the local services that support the smaller businesses, for example local bus services, to enable a wireless town centre or support independent retailer initiatives such as the 'Colchester Walls' project.
- The report 'High Street Britain: 2015' by the All-Party Parliamentary Small Shops Group found that over 3 million people were employed in retail, accounting for one in nine of all jobs. It showed that small, family owned retail businesses create more jobs, in terms of sales, than the big stores. The largest supermarket chains control over 80% of the grocery market and employ 770,000 people whilst small grocery shops which made up less than the remaining 20% of the market, employed 500,000.

Against the Levy

- The biggest risk is that implementation of a supermarket levy in Colchester could place the borough at a competitive disadvantage versus its neighbours leading to a potential impact on investment, jobs and spend.
- Exact financial benefit is unclear and there would also be a cost involved in collecting and distributing the levy
- Could create a confusing two-track system with CIL (new) and supermarket levy (existing)

Additional Information

- No support for this could be found on the Federation of Small Businesses or Chamber of Commerce websites in England
- Many large retailers such as Sainsbury's and Tesco are opposed to the scheme
- Planning contributions can deliver the same benefit for the community without impacting upon regeneration areas in a negative way.
- In the UK as a whole, small businesses make up around 99% of all enterprises

Links

Link to Local Works web pages

<http://localworks.org/pages/supermarkets>

Newsletter explaining more about the levy from Local Works

http://b.3cdn.net/unlockdem/b1e531a66fa199e8ca_xxm6iy4qa.pdf

Link to proposal document with supporting information

http://b.3cdn.net/unlockdem/e828d68f91231e06d3_q6m6bxrty.doc



Trading Board

Item

8

6 August 2014

Report of	Assistant Chief Executive	Author	Richard Clifford ☎ 507832
Title	Trading Board Work Programme 2014-15		
Wards affected	Not Applicable		

This report concerns the work programme for the Trading Board 2014-15

1. Decision(s) Required

1.1 To note the Work Programme for the Trading Board.

2. Reasons for Decision(s)

2.1 The work programme is a standard item included on the agenda of all meetings of the Trading Board. It allows the Board to consider the scheduling of forthcoming items of business and to suggest additional items that fall within the Board's remit.

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 comprising items previously requested by Panel members together with other items of business particularly in relation to the progress of the commercial reviews of services. It is also open to the Board to suggest additional items that fall within the Board's remit that they wish the Board to consider.

4.2 In relation to the request for members to gain a better understanding of the Building Control Service, it has not yet been possible to arrange for this but further information will follow as soon as possible.

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 2014-15 Work Programme

Date of Meeting	Scheduled items of business
18 June 2014	<p>Revolving Investment Fund</p> <p>Commercial Business Development report</p> <p>Update on CBH Trading Subsidiary (verbal)</p> <p>Update on Building Control proposals (verbal)</p> <p>Council Recharges</p> <p>Approval of Annual Report to Cabinet and Council</p>
6 August 2014	<p>Feasibility of Supermarket Levy</p> <p>Commercial Business Development report</p> <p>Commercial Procurement Report</p>
24 September 2014	<p>Commercial Business Development report</p> <p>Commercial Procurement Report</p> <p>Report on measures typical to commercial enterprise in the sport and leisure environment (see minute 9, 14 August)</p>
Items to be scheduled	<p>Strategic Asset Management</p> <p>Commercial Services Review: Trade Waste</p> <p>Stadium Management Company</p> <p>Building Control Partnership Proposal and Business Plan</p>