

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

09 June 2016

SOUTH THAMES GATEWAY BUILDING CONTROL REPORT ON PROGRESS OF THE DRAFT OUTLINE BUSINESS CASE FOR COMMERCIALISATION FUNDING

Report from: Tony Van Veghel, Director, South Thames Gateway Building Control Partnership

Summary

This report updates Members on progress of the business case for commercialisation of the consultancy and the options available.

1. Budget and Policy Framework

- 1.1 The Terms of Reference for Joint Committee require that Members make recommendations to each partner authority to provide resources as required to secure the delivery of the Business Plan and support its aims and objectives.

2. Background

- 2.1. Following Members agreement to the allocation of funding to investigate the options available in taking the consultancy forward as a commercial venture, Members asked for a progress report to be brought back to the Annual General Meeting (AGM) to demonstrate progress on the project.

3. Director's comments

- 3.1. One of the objectives of the current business plan is the commercialisation of the consultancy. The agreed delivery model may generate a profit which could then be redistributed to the partner authorities.
- 3.2. It will require a substantial 'invest to save' funding in the region of £50,000 - £60,000. In order to substantiate the use of such funding Members requested an outline business case and options appraisal be prepared to demonstrate how such funding will be used.
- 3.3. At Joint Committee on the 17th March 2016 Members requested a progress report be presented at the AGM with a view to take a full report to Joint Committee in September 2016.

- 3.4. The attached business case has been discussed at the Officer Steering Group and contains details of the options available including various structures that could be utilised for delivery of the consultancy services.
- 3.5. It should be noted that the formation of any company requires certain legal documentation including: shareholders agreement, service agreement, companies house registration forms and articles of association. Whilst it has been possible to obtain some legal advice with regards to the commercialisation of the consultancy which is reflected in the attached Outline Business Case, further work is required to provide an itemised specification, together with a fully appraised financial case which can be presented at Joint Committee in September.
- 3.6. The itemised specification would indicate the steps required in developing a full business case including an estimate cost against each item and would be broken down into legal, financial, human resources and market research components. There would also need to be an inclusion for cost of implementation.
- 3.7. To progress this project, it is essential that the three partnership authorities provide sufficient finance resource to comprehensively investigate all of the budget related issues set out in paragraph 3.5 and 3.6.
- 3.8. The attached Outline Business Case reflects the work carried out so far and may give Members the opportunity to consider which model they would prefer officers to pursue in preparation of the full report in September. The full business case will then include the relevant information and estimated costs for Members to decide the viability of the project.
- 3.9. During the financial year 2015/16 the total income from STG consultancy work was £152,000, the highest on record.

4. Financial Implications

- 4.1. There are none directly from this report.

5. Legal Implications

- 5.1. There are none directly from this report. Legal considerations are contained within the Legal Framework in Section 4 and the Risk Register at Appendix 2.

6. Risk Management

- 6.1. There are none directly from this report, however, a full risk register is contained in Appendix 2.

7. Recommendations

- 7.1. Members are asked to note the report and agree:

- 7.1.1. Continuation of the work necessary to establish a Local Authority Trading Company (LATC).

- 7.1.2. The use of the previously agreed £6,000 funding from the three partner councils (£2,000 from each) to prepare an itemised specification with indicative costs.
- 7.1.3. The preparation of an Outline Business Case to be presented to Joint Committee on 22nd September 2016, to include all necessary information for Members to decide whether to recommend to their respective Councils the necessary funding of £50k-£60k to progress the setting up of the consultancy as a LATC.

8. Suggested Reasons for Decisions

- 8.1. Within the Terms of Reference for Joint Committee, Members are required to make recommendations to each partner authority to provide resources in order to secure the delivery of an agreed Business Plan objective.

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Background Papers: None

Appendix 1 - Draft Outline Business Case for Funding