

DRAFT – FOR COMMENT

Draft terms of reference for a CBC Trading Board

[revised version following comments from members of shadow group]

1. Name of group

CBC Trading Board

2. Purpose of the group

To improve the financial stability of the council by promoting, coordinating and supporting others in the expansion of trading activity within CBC services.

3. Aims

The group aims to:

- a. increase the financial return to CBC from trading activity within existing services
- b. explore opportunities for trading in new service areas where this has the potential to bring a return to CBC
- c. promote and support a more commercial approach to service delivery across CBC
- d. promote and support a sound approach to risk management within trading services
- e. make an active contribution to the wider GPGS transformation programme and ensure strong links between efficiencies delivered through transformation and opportunities for trading.

4. Roles of group

- a. Develop, implement and keep under review a framework and process for the development of trading services
- b. Use the agreed framework to consider proposals for new/expanded trading activity, making decisions on low-risk activity and recommendations to the GPGS Executive Board on medium-high risk activities
- c. Provide a support and challenge role for the development of proposals for trading activity across CBC and take decisions regarding the prioritisation of support.
- d. Promote the need for a more commercial approach to service delivery across officers, members and external partners, linked to the Council Plan objective of achieving financial self-sufficiency

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- e. Establish the appropriate risk appetite for trading through liaison with GPGS Executive Board and Cabinet and use this to provide guidance and challenge to services regarding their approach to risk within their trading operations.
- f. Consider requests for resources to support the development of business cases and approve these within delegated limits as set by the GPGS Executive Board; commission activity, such as market research, where appropriate to support business cases.
- g. Monitor the roll out of new and expanded trading services and agree recommendations for improvements where implementation is not progressing as planned

5. Measures

The ultimate measure for the group will be the improvement to the financial stability of CBC.

More specifically, the group will be measured on:

- a. improvements to the return that each service makes through expanding its trading activity and/or embarking on new trading activity
- b. number of proposals that come forward to the group
- c. feedback from officers regarding the effectiveness of the framework put in place to consider trading proposals, including speed of decision making
- d. its effectiveness in clearly identifying and managing risks arising from increased trading activity.

Further measures will need to be in place for each individual activity, e.g. financial targets and business growth milestones. The group will use its role in considering business cases and in monitoring activity to ensure appropriate measures are in place for each trading activity.

6. Governance

The group will sit within the [revised] governance established for the Great Place Great Service transformation programme. It will therefore be accountable to the Great Place Great Service Executive Board.

The group will have a remit to make decisions to support, reject or modify proposals for trading that are deemed to be low risk in terms of the financial and reputational exposure to the council. It will have a budget, set by the GPGS Executive Board, with delegated authority to spend within that budget

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to support the development of business cases for new activity. The group will not enter into any financial commitments that exceed its delegated authority.

Where proposals are medium-high risk, the group will provide support and challenge through to a full business case stage and then make a recommendation to the GPGS Executive Board regarding implementation.

Each new activity approved will need to have in place clear arrangements for its own governance. The default position is that these will follow existing CBC processes. If any new activity is deemed to require a change or exception to current CBC processes (e.g. an exception to current recruitment procedures to allow a business venture to respond more rapidly to market opportunities), then the case for doing so will need to be explicitly established through the overall business case for that activity.

7. Membership

The group will be made up of CBC officers.

It will be chaired by an Executive Director (Michael Rich), who will also represent the group on the GPGS Executive Board. Alternative representation on the GPGS Executive Board will be agreed from among the members of the Trading Board if the Executive Director is unable to attend.

Members of the group will include the Head of Finance and service managers for:

- Business Transformation
- Communications
- Development and Growth
- Environmental Services
- Housing (Operational Services Division)
- Local Government and Regulatory Law

Members of the group should endeavour to attend meetings in person whenever possible. Where this is not possible, an appropriate and well-briefed substitute should attend following liaison with the Chair.

8. Meetings

The group will meet on a monthly basis. Decisions that fall within the agreed remit of the group will be made on a unanimous basis. Where this is not possible, decisions will be escalated to the GPGS ESG for a decision, noting in full the views of the group.

9. Key links and dependencies

In order to operate effectively, the group will need to liaise effectively with other workstreams within GPGS, in particular on activity relating to improving service efficiency and on workforce strategy. The latter will be important for consideration of future skills needs, approaches to recruitment and flexible employment as well as wider terms and conditions. As part of the wider GPGS programme, consideration can be given as to the role of trading activity in making use of capacity that transformation creates in other parts of the organisation.

The 2015-19 Council plan includes a commitment to work up a model for the development of new housing through a housing development company. This work will require a dedicated group of its own to develop a full business case and then drive implementation. Whilst there are important social outcomes to be delivered by a housing company, it will also need to provide a financial return to CBC and therefore this work will need to link into the Trading Board.

10. Not in scope

Work to expand building control services across the whole county is well underway. Whilst this is a service that will operate in a trading environment with commercial aims, it is not proposed to bring this within the CBC Trading Board's remit since established governance is already in place (through the D2 Joint Committee). However, the Trading Board will continue to learn lessons from the commercialisation of this service.

Further opportunities for shared services, including internal audit and procurement, are being explored. Whilst these might also deliver savings, they are not trading as such and so will not be in scope for the Trading Board.

In conjunction with neighbouring districts and the county council, proposals are under development to continue and expand provision of Careline and other support services to DCC and private clients. This will include setting up a trading company. Given that this work is well advanced and involved a number of LAs, it is not proposed to bring it within the remit of the Trading Board. However, as with building control, the Board will look to learn lessons from the Careline work. If the trading company, once established, looks to take on additional trading activity, then those proposals would come through the CBC Trading Board (in parallel with governance in other LAs as appropriate).