

## BRECKLAND DISTRICT COUNCIL

**Report of:** Julie Kennealy, Executive Director Commercialisation

**To:** Audit Committee, 2 September 2016

**(Author:** Julie Kennealy, Executive Director Commercialisation)

**Subject:** Annual Review of Results of Traded Activities

**Purpose:** To provide Members with the financial results of traded activities carried out within the Council

### **Recommendation(s):**

- 1) That the report be noted
- 2) That members agree the scope of future reporting for income generation as referred to in 1.2 below

### **1.0 BACKGROUND**

- 1.1 Some departments within the Council work on an internally traded basis. The financial performance reports presented to Cabinet quarterly provide details of variances against budget for these services, but they do not show the overall financial performance. Discussions at a previous Audit Committee identified this reporting gap and members requested this annual report is provided to them focussed on these internally traded services.
- 1.2 Our externally based traded services such as ARP and Breckland Bridge are reported in detail to members. As successful commercial activity becomes increasingly important to us for our financial sustainability in future we propose to change this annual report to Audit Committee slightly and bring together all income generating activity into this single report proving transparency and an overview for members of this important area.
- 1.3 As the transformation programme develops it is likely that more departments may start to trade their services and this report will encompass this trading as it develops.

### **1.4 Commercial Property**

Trading for many years the commercial property service leases commercial properties to tenants at market rentals, delivering an ongoing revenue return to the Council. The net revenue trading surplus after revenue costs for 2015-16 was £2,134k reflecting a small improvement on the previous year. Appendix A provides details of the financial results.

As part of the transformation programme, this service is reviewing its assets in 2016-17 to develop and deliver a plan of dis-investment in the poorer performing properties and re-investment in better performing assets.

### **1.5 Breckland Training Services (BTS)**

BTS has been running for just over 3 years with a budget target of being cost neutral to the Council. Its income levels and customer base have grown year on year, along with its reputation for high quality training services, particularly so for the *LA Challenge* events. BTS is recognised externally as a strong brand which benefits the Council's reputation. The service recognised the importance of reviewing its operations and charges in order to

grow in the future and the review is well underway as part of our transformation programme.

The results of the review process and any recommendations are due to be reported to Members for consideration in quarter 2 of this year.

## **1.6 Other**

Breckland Bridge, the new LABV company, is not an internally traded service but is a joint venture company set up to deliver specific outcomes. Information on Breckland Bridge can be found in the Councils *Statement of Accounts* within the *Group Accounts* section. This company is on track in terms of business plan and returns in excess of those originally planned are expected in the current financial year.

Resource 4 Growth is a Community Interest Company (CIC) which has been wound up at 31 March 2016 as a result of external grant funding programmes being withdrawn. The company generated profits which have been set aside to support the five market towns in the area as part of the *market towns initiative project*. Appendix A provides details of the financial results.

The ARP partnership provides in contributions from several sources; the partnership itself and ARP Trading Ltd, a company set up with Forest Heath District Council. ARP Trading has not actively traded for the last 2 years. When the company starts trading again from September 2016 it will be a 7 partner collaboration between the existing ARP Joint Committee partners and in the future results will be included in this report to Audit Committee and as part of the *Statement of Accounts* in the *Group Accounts* (depending on the accounting classification). The Council's share of ARP Trading assets is £71k as at 31.03.16. The ARP Enforcement service delivered net income of £48k to the council in 2015-16 and this will initially be the focus of income generation going forward. Members will be pleased to note early results are extremely promising and two additional Councils have recently commissioned the new enforcement service as their primary supplier.

## **2.0 OPTIONS**

2.1 That the report be noted and that members agree the scope of future reporting for income generation as referred to in 1.2.

2.2 That the report be noted and members do not agree the scope of future reporting for income generation as referred to in 1.2

## **3.0 REASONS FOR RECOMMENDATION(S)**

3.1 This report is for information.

## **4.0 EXPECTED BENEFITS**

4.1 To provide Members with a summary of the financial performance of the Council's traded services.

## **5.0 IMPLICATIONS**

### **5.1 Financial**

5.1.1 Appendix A provides a financial summary for the Council's traded activities

## **6.0 WARDS/COMMUNITIES AFFECTED**

6.1 N/A

7.0 **ACRONYMS**

7.1 ARP – Anglia Revenues Partnership

7.2 BTS – Breckland Training Services

7.3 LABV – Local Asset Backed Vehicle

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Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

**Appendices attached to this report:**

Appendix A Financial Summary of Traded Activities