



TRADING AND ENTERPRISE BOARD

Notice of a Meeting, to be held in the Council Chamber, Civic Centre, Ashford Borough Council on Tuesday, 26th November, 2019 at 10.15 am.

The Members of the Trading and Enterprise Board are:-

Councillor Bell (Chairman)

Cllrs. Gideon, Pickering, Shorter, Ovenden (Observer)

Agenda

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1. Apologies/Substitutes	
To receive notification of Substitutes in accordance with Procedure Rule 1.2 (c)	
2. Declarations of Interest	1 - 2
To declare any interests which fall under the following categories, as explained on the attached document:	
a) Disclosable Pecuniary Interests (DPI)	
b) Other Significant Interests (OSI)	
c) Voluntary Announcements of Other Interests	
See Agenda Item 2 for further details	
3. Minutes	3 - 6
To approve the Minutes of the Meeting of this Board held on the 8 th July 2019.	
4. Share Purchase - A Better Choice for Property	7 - 10
5. Closure of A Better Choice for Building Consultancy Limited	11 - 16
6. Exclusion of the Public	
To consider passing the following resolution to exclude the press and public from the meeting:	

That pursuant to Section 100A(4) of the Local Government Act 1972, as amended, the public be excluded from the meeting during consideration of this item as it is likely that in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present there would be disclosure of exempt information hereinafter specified by reference to Paragraph 3 of Schedule 12A of the Act, where in the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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| 7. | Funding Options for A Better Choice for Property - Discussion Paper | 17 - 18 |
| 8. | Management Update - A Better Choice for Property | 19 - 26 |

20th November 2019

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Declarations of Interest (see also “Advice to Members” below)

- (a) **Disclosable Pecuniary Interests (DPI)** under the Localism Act 2011, relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares a DPI in relation to any item will need to leave the meeting for that item (unless a relevant Dispensation has been granted).

- (b) **Other Significant Interests (OSI)** under the Kent Code of Conduct relating to items on this agenda. The nature as well as the existence of any such interest must be declared, and the agenda item(s) to which it relates must be stated.

A Member who declares an OSI in relation to any item will need to leave the meeting before the debate and vote on that item (unless a relevant Dispensation has been granted).

However, prior to leaving, the Member may address the Committee in the same way that a member of the public may do so.

- (c) **Voluntary Announcements of Other Interests** not required to be disclosed under (a) and (b), i.e. announcements made for transparency alone, such as:

- Membership of amenity societies, Town/Community/Parish Councils, residents' groups or other outside bodies that have expressed views or made representations, but the Member was not involved in compiling or making those views/representations, or
- Where a Member knows a person involved, but does not have a close association with that person, or
- Where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position.

[Note: Where an item would be likely to affect the financial position of a Member, relative, close associate, employer, etc.; OR where an item is an application made by a Member, relative, close associate, employer, etc., there is likely to be an OSI or in some cases a DPI. ALSO, holding a committee position/office within an amenity society or other outside body, or having any involvement in compiling/making views/representations by such a body, may give rise to a perception of bias and require the Member to take no part in any motion or vote.]

Advice to Members on Declarations of Interest:

- (a) Government Guidance on DPI is available in DCLG's Guide for Councillors, at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5962/2193362.pdf
- (b) The Kent Code of Conduct was adopted by the Full Council on 19 July 2012, and a copy can be found in the Constitution alongside the Council's Good Practice Protocol for Councillors dealing with Planning Matters. See <https://www.ashford.gov.uk/media/2098/z-word5-democratic-services-constitution-2019-constitution-of-abc-may-2019-part-5.pdf>
- (c) Where a Member declares a committee position or office within, or membership of, an outside body that has expressed views or made representations, this will be taken as a statement that the Member was not involved in compiling or making them and has retained an open mind on the item(s) in question. If this is not the case, the situation must be explained.

If any Member has any doubt about any interest which he/she may have in any item on this agenda, he/she should seek advice from the Director of Law and Governance and Monitoring Officer, or from other Solicitors in Legal and Democracy as early as possible, and in advance of the Meeting.

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Trading and Enterprise Board

Minutes of a Meeting of the Trading and Enterprise Board held in Committee Room No.1, Civic Centre, Tannery Lane, Ashford on the **8th July 2019**

Present:

Cllr. Bell (Chairman);

Cllrs. Gideon, Pickering, Shorter;

Cllr. Ovenden (Observer).

Apologies:

Cllr. Chilton

Also Present:

Director of Finance and Economy (in his capacity as Section 151 Officer), Head of Finance and IT (in her capacity as Director of A Better Choice for Property Ltd), Principal Solicitor for Property and Projects (in her capacity as Company Secretary for A Better Choice for Property Ltd), Senior Accountant, Commercial Development Manager (A Better Choice for Property Ltd), Member Services Manager (Operational).

Prior to the commencement of the meeting, as this was the first Trading and Enterprise Board of the new Administration, the Chairman introduced everyone present. Officers took the opportunity to advise Members about the history of this Board and the Council's Trading Companies and Subsidiary Company. The importance of separation and being "arms-length" was re-enforced and it was explained that this Board's role was to oversee what the Companies were doing on behalf of the Council as their Shareholder, but not dictate to them how they were run – this was the responsibility of the Company Directors.

63 Minutes

A Member sought clarity over non-executive Directors potentially divulging confidential information, and asked if they had to sign any kind of non-disclosure agreement. The Company Secretary advised that they were currently undertaking an exercise to draw up job descriptions and contracts for the non-executive Directors and this point would be included in those.

Resolved:

That the Minutes of the meeting of the Board held on the 11th February 2019 be approved and confirmed as a correct record.

64 A Better Choice for Property Ltd - Staff Resources and Director Appointments

The report asked the Board to support the direct appointment by the Company of a Business Support Officer – a post that was currently being resourced by the Council and recharged to the Company. The appointment would be funded from operational cash flows from rental income. This was in-line with the Company's approved Business Plan proposing significant expansion of the Company. The Company also requested the Board to support the decision for the Company not to appoint employees as Directors on the Company Board, which would include reversing the Board's previous decision to approve the appointment of the Commercial Development Manager as a Director.

A Member asked that given the expansion of the Company, would a part time Administrator be sufficient or should they be looking to employ somebody full-time? One of the Company Directors clarified that at this time this was certainly considered sufficient, but as the Company expanded they may look at this further.

Board Members emphasised that they were keen to encourage the Company to come forward with nominations for new Directors to further strengthen the Company Board.

Recommended:

- That (i) **the Council approve the appointment and remuneration package of a Business Support Officer, directly employed by A Better Choice for Property Limited.**
- (ii) **the Council approve the proposal of A Better Choice for Property Limited not to appoint employees to the Company Board and to remove any previous approvals for the appointment of employees as Directors.**

65 Exclusion of the Public

Resolved:

That pursuant to Section 100A(4) of the Local Government Act 1972, as amended, the public be excluded from the meeting during consideration of the following items, as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present there would be disclosure of exempt information hereinafter specified by reference to Paragraph 3 of Schedule 12A of the Act, where in the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

66 Extension of Loan Facility Agreement Between the Council and A Better Choice for Property Limited

The Director of Finance and Economy introduced the report from the Company Secretary which provided an update on the financial arrangements between the Council and A Better Choice for Property Ltd. and asked the Trading and Enterprise Board to make a number of recommendations to the Council. The report advised that the Loan Facilities Agreement entered in to in September 2014 terminated on its fifth anniversary and put forward proposals to: - extend the facilities agreement for another five years; refinance the existing Facility A loans under the new extended facility; and change the long term financing facility option to ensure state aid compliance and protect the Council's margin over borrowing costs.

In the course of the discussion it was agreed to add reference to the Portfolio Holder to recommendation (v).

Recommended:

- That**
- (i) the Council approve a five year extension of the current loan facility.**
 - (ii) the Council agree that Loan Facilities B and C should be replaced by a new Facility D to ensure compliance with State Aid.**
 - (iii) the Council agree that all Facility A loans should be refinanced to the Company from the extended facility agreement.**
 - (iv) dialogue between the Council and ABC Property Limited be supported to bring forward proposals for bridging short term cash flow pressures arising from block purchases of new build properties.**
 - (v) the Council agree that authority be given to the Head of Legal and Democracy, in consultation with the Director of Finance and Economy and the Portfolio Holder for Finance and IT, to agree, execute and complete all documents necessary to give effect to the above recommendations.**

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Agenda Item 4



Agenda Item No: 4
Report To: Trading & Enterprise Board
Date of Meeting: 26th November 2019
Report Title: A Better Choice for Property Limited – Share Purchase
Report Author & Job Title: Ben Lockwood, Director of Finance and Economy
Portfolio Holder Cllr. Bell, Chair of Trading & Enterprise Board
Portfolio Holder for:

Summary: This report requests an earlier purchase of the next tranche of shares in A Better Choice for Property Limited (“the Company”) than previously approved. The previous approval allows for £100,000 worth of shares to be purchased in the financial year 2020/21 and the Company would like the Council to bring this purchase forward to the current financial year.

Key Decision: NO

Significantly Affected Wards: None

Recommendations: **The Board is recommended to:**

- I. Recommend to Cabinet that it approves the purchase of £100,000 worth of shares in the financial year 2019/20 instead of in the financial year 2020/21 as previously approved.**

Policy Overview: The Company supports the Council’s commercialisation agenda.

Financial Implications: The release of £100,000 in this financial year rather than next.

Legal Implications None, this is a request to amend the release date of the share purchase that has previously been approved.

Equalities Impact Assessment Not Required

Other Material Implications: None.

Exempt from Publication: NO

**Background
Papers:**

Minutes of the Trading & Enterprise Board – 3rd July 2017

Contact:

Ben.lockwood@ashford.gov.uk – Tel: (01233) 330540

Report Title: A Better Choice for Property – Share Purchase

Introduction and Background

1. At its meeting on 3rd July 2017 (minute 79 CA/TEB030717 refers) the Trading and Enterprise Board recommended to Cabinet that it approves the purchase of a further £300,000 worth of shares in A Better Choice for Property Limited by way of an equity investment. This £300,000 was to be distributed equally across three financial years to enable the Company to employ a member of staff to deliver the business plan.
2. The first tranche of equity was released on 31st July 2018, in the 2018/19 financial year, the second was released on 9th May 2019, in the current financial year.
3. Members will note that the Company did not need to drawdown the initial tranche in the financial year that the approval was given. This was due to the recruitment process taking some time and prudent management of its cashflow.

Proposal/Current Position

4. In order to assist the Company's cashflow, the Company is now asking the Board to recommend that Cabinet approves the release of the final tranche of equity in the current financial year rather than waiting until the 1st April 2020.

Equalities Impact Assessment

5. An Equalities Impact Assessment is not required.

Consultation Planned or Undertaken

6. No further consultation is necessary.

Other Options Considered

7. If the Board does not approve the recommendations then the Company will have to consider other methods of funding the short term cashflow shortfall. This could involve additional borrowing or sale of property.

Reasons for Supporting Option Recommended

8. The purchase of the shares has already been approved by the Council, this is a request to bring the purchase forward into the current financial year.
9. If the first of the three share purchases had happened in the financial year that the approval was given, the funds would already have been released and this paper would not have been necessary.

10. Elsewhere on the agenda is the performance report on the company that shows low levels of void properties within the existing stock. The Company has recently brought the block of flats in Victoria Crescent into operation which when occupied, will improve cashflow.

Next Steps in Process

11. If the Board approves the recommendation to Cabinet and Cabinet approves the same, then the shares can be issued and the funds released following the normal call in period after the Cabinet decision.

Conclusion

12. Members are requested to approve the recommendation to Cabinet as it is in the best interest of the Council to support the Company in this way.

Portfolio Holder's Views

13. I fully support the recommendations.

Contact and Email

14. Ben Lockwood, ben.lockwood@ashford.gov.uk



Agenda Item No:	5
Report To:	Trading & Enterprise Board
Date of Meeting:	26 th November 2019
Report Title:	Closure of A Better Choice for Building Consultancy Limited
Report Author & Job Title:	Ben Lockwood, Director of Finance and Economy
Portfolio Holder Portfolio Holder for:	Cllr. Bell, Chair of the Trading & Enterprise Board

Summary:	It was decided in 2017 that A Better Choice for Building Consultancy Limited (“the Company”) should cease trading but remain in existence. The Directors of the Company have now taken the decision that the costs (both actual and in officer time) of keeping the Company in existence are disproportionate and have resolved to ask the Council to close the Company and apply for it to be removed from the register of companies at Companies House.
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Key Decision: No

Significantly Affected Wards: None

Recommendations: **The Trading and Enterprise Board is recommended to:**

- I. Recommend to Cabinet that it recommends to Council that A Better Choice for Building Consultancy is closed and the application made to Companies House to strike off the Company from the Register.**
- II. Recommend to Cabinet to recommend to Council that authority is delegated to the Principal Solicitor (Property and Projects), who is also Company Secretary, to make the application and complete the necessary paperwork.**

Policy Overview: The Building Consultancy Company was set up in support of the Councils commercial ambitions as identified in the 2015 Corporate Plan.

Financial Implications: There is a continuing obligation to ensure that appropriate insurance remains in place at a cost of circa £1,422 per annum until July 2023.

Legal Implications Once the Company has been struck off at Companies House it will cease to exist. The report considers the implications of

this for the Council.

Equalities Impact Assessment

Not Required.

Other Material Implications:

None

Exempt from Publication:

NO

Background Papers:

None.

Contact:

Ben.lockwood@ashford.gov.uk – Tel: (01233) 330540

Report Title:

Introduction and Background

1. At its meeting on 6th November 2017, the Board approved the recommendation of the Directors of the Company that the Company cease trading and be put into dormancy.
2. Since that decision, work has continued to complete those contracts that were outstanding and to finalise the Company's accounts as required.

Proposal/Current Position

3. At the Board meeting on the 23rd April 2019, the Directors received a report on the current status of the existing contracts and the financial position of the Company since it had stopped trading.
4. Following this report and the discussion that followed, the Directors reached the decision that it would be best to now formally close the Company and apply to have it struck off the register of companies at Companies House. This report is requesting the consent of the Council as the sole shareholder in the Company to do this.
5. In reaching this decision, the Directors considered what was in the best interests of the Council as shareholder of the Company. Holding a dormant company incurs costs (accounts still have to be prepared, audited and filed at Companies House) and officer time.
6. It is important to note that the Council has taken a number of learning points away from the operation and closure of this Company. These have included the difficulties of running a company that is so dependent on the professional skills of individuals without having any staff.
7. The Directors also noted in their discussion that, although it was available, the Company never utilised the equity investment that the Council made available as it was able to break even from the beginning of its operations.
8. In terms of trading activity, the Company generated profits of £9,669 for the financial years 2015 to 2017 and only incurred losses in the final years when expansion plans were considered. Although the company was profitable as a standalone business, the options to grow the company and generate dividends to the Council were not considered viable following detailed option appraisals, and hence the decision to cease operations was made and approved by the Trading & Enterprise Board in 2017.
9. At the time of writing this report, the Company has just over £2,000 in its bank account, this money will be used to settle any outstanding liabilities before it is struck off and the bank account is closed.

Implications and Risk Assessment

10. Due to the nature of the work that was carried out by the Company, defect liability insurance needs to be in place for the period of 6 years from the date the last assessment was carried out by the Company. This last assessment was completed in June 2017 and so the insurance will need to remain in place until June 2023. The cost of the insurance for the Council is £1,422.00 per annum.
11. There may be some energy assessments where the first stage of the assessment was carried out whilst the Company was trading, but the second stage could still be outstanding. It is possible that the customers for these assessments will go to another provider for the second stage, but they may contact the Council requesting that they are done. At the date of the report, the Council has not received any requests for these second stage assessments to be carried out so it is believed that this risk is low and can be managed.

Equalities Impact Assessment

12. Not applicable.

Consultation Planned or Undertaken

13. None proposed as the Company ceased trading in 2017.

Other Options Considered

14. The Company could remain dormant but still on the register at Companies House. However, this means that the statutory requirements for the Company to file accounts and have directors remain in place. This has cost and time implications for the Council and officers.

Reasons for Supporting Option Recommended

15. The Directors have considered the position fully and I am happy to support their decision. The cost implications for the Council of keeping the Company open “just in case” are disproportionate to the cost of creating and registering a new company if the Council were to decide that it needed one in the future.

Next Steps in Process

16. The closing accounts for the Company will be prepared and the application made to Companies House for the Company to be struck off.

Conclusion

17. The Company has not traded for over two years now and if the Council wished to trade in a different area of business then a new company could be created for that specific business. There seems little point in holding this company on the register with the cost implications.

Portfolio Holder's Views

18. I fully support the recommendations.

Contact and Email

19. Ben Lockwood, ben.lockwood@ashford.gov.uk

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