

The Holding Company

Business Case (TEMPLATE)

Formation of a Local Authority Trading Company (LATCo)

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1. Financial Analysis
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1. EXECUTIVE SUMMARY

- 1.1 *Provide an overview of the service that is being considered in relation to the LATCo.*
- 1.2 *Set out current working arrangements which allow for the consideration of a LATCo.*

Suggestion : The Executive Summary should be a short (50-word) statement of the trading activity that could be easily recalled and remembered by Members, Officers and others to sum up what was being proposed.

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2. KEY OBJECTIVES AND LONG-TERM AMBITIONS

- 2.1 *Set out the key objectives for the LATCo.*
- 2.2 *Set out the long-term ambitions for the LATCo – 5-year plan*
- 2.3 *Set out the unique value proposition for the business – what is the offer that the Shareholder brings to the market and how is this different to others (if applicable)*
- 2.4 *Identify any specific activities that need to be undertaken in order to achieve this.*

Corporate Social Responsibility

- 2.5 *Consideration of the company's responsibilities in relation to CSR – what will the company be doing in relation to this?*
- 2.6 *Consideration of the council's Carbon neutral pledge – how is this being addressed through the objectives of the company?*

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3. IMPLICATIONS FOR THE SHAREHOLDER

- 3.1 *Clarify the implications that this approach will have specifically on the Shareholder.*
- 3.2 *Clarify constraints/dependencies to this moving forward.*
- 3.3 *Consideration of HR/Personnel issues in the proposal that is being set out.*
- 3.4 *Include a summary of the financial forecasts of the trading activity and the level of any investment required by the council as shareholder.*
- 3.5 *Compare return to alternative uses of the money i.e. internally-managed investment of any funding to the company. Highlight when this is likely to convert to any dividend for the company.*

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4. LEGAL IMPLICATIONS AND STATUTORY POWERS

Statutory Powers

- 4.1 *Summarise the statutory powers that enable the Shareholder to embark on the LATCo.*
- 4.2 *Details of the company registration requirements.*

Shareholder Function

- 4.3 The council will remain the sole shareholder of the LATCo; the company will be a wholly-owned trading company.

Internal/External Audit requirements

- 4.4 *Set out the considerations that have been made in terms of the requirements from both an internal and external audit perspective.*

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5. PROPOSED GOVERNANCE ARRANGEMENTS AND OPERATING MODEL

- 5.1 *Set out the proposed governance model for the company including details of structures and roles and responsibilities.*
- 5.2 *Reporting lines will be set out in terms of reporting to the Board and Cabinet (as the shareholder).*
- 5.3 *Details of any shareholder guarantees/limitations to be set out.*
- 5.4 *Exit Strategy to be clearly outlined.*

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6. FINANCIAL IMPLICATIONS

Financial Implications – Local Authority Trading Company

- 6.1 *How the company will charge for its activities.*
- 6.2 *Consideration relating to VAT and Corporation tax*
- 6.3 *State Aid considerations*

Five-year Business Plan

- 6.4 *Five-year Business Plan Summary – full plan to be an appendix to the business case.*
- 6.5 *Set out the scale of investment required along with the anticipated return on capital.*

Marketing Strategy/Plan

- 6.6 *Details of how the company is going to be marketed including how this will be financed.*
- 6.7 *Demonstrate an understanding of the market we are trying to enter and the current level of competition within this.*
- 6.8 *Finance to be built into the business plan of the company.*

Financial Implications – Gravesham Borough Council (the Shareholder)

- 6.9 *Details of any specific financial implications for the Shareholder will be set out.*
- 6.10 *This will include considerations such as:*
 - *Income and expenditure and how this will be managed.*
 - *Accounting processes and potential impact on the Shareholder.*
 - *Recharges to the company for use of the Shareholder's financial services.*
- 6.11 *What is the value proposition to the shareholder (the Council and the Taxpayer)?*
- 6.12 *Provide context in terms of the level of investment being made by the Shareholder; what alternative arrangements could there be and what would this yield i.e. interest payments etc.*

7. RISK ANALYSIS

Insurance Requirements

- 7.1 *Specifically setting out the insurance requirements for the new company, including charges, types of cover etc.*

Risk Analysis

- 7.2 *Clearly set out the key strategic risks within the document.*
- 7.3 *A detailed risk assessment will be undertaken and appended to the business case.*

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8. PROVISION OF SUPPORT SERVICES

- 8.1 *Clarification of the support services that the company will require in terms of finance, HR, IT, Legal, Customer Services etc. as applicable.*

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9. GENERAL DATA PROTECTION REGULATIONS (GDPR) CONSIDERATION

- 9.1 The new General Data Protection Regulations (GDPR) came into effect on 25 May 2018. The LATCo must ensure that it is compliant with the requirements of GDPR, given that it will be holding and using personal details.
- 9.2 A full Data Protection Impact Assessment (DPIA) has been undertaken to ensure that the way in which the company is to be established considers all aspects of GDPR; the DPIA is appended to the Business Case at **appendix ##**.
- 9.3 There will be a need for the company to have its own Privacy Notices and associated policies, to ensure that it is able to meet its obligations under GDPR and these will be considered and in place prior to **#####**.
- 9.4 *Consideration of Information Commissioner requirements in terms of company registration.*

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10. EQUALITY IMPACT ASSESSMENT

10.1 In line with the proposals for establishing the local authority trading company, and specifically the #####, an equality impact assessment provides details of the assessment against the nine protected characteristics in the Equality Act, in terms of the potential impact the service changes will have on them.

10.2 A full Equalities Impact Assessment has been undertaken as follows:

1. Identify the aims of the service/function and how it is implemented.		
	Key questions	Answers / Notes
1.1	Is this an existing or a new function?	
1.2	Who defines or defined the function?	
1.3	Who is the function being aimed at?	
1.4	Who implements the function?	•
1.5	What is the objective or purpose of the service/function?	•
1.6	What outcomes do you want to achieve with this function and for whom?	•
1.7	Do these outcomes complement or hinder other policies, values or objectives of the organisation?	
1.8	What factors or forces are at play that could contribute or detract from the outcomes identified earlier?	
1.9	How does the organisation interface with other bodies in relation to the implementation of this function?	

	Key questions	Answers / Notes
1.10	Taking the nine protected characteristics is there anything in the policy or how the service is delivered that could discriminate or disadvantage any of these groups?	•
1.11	From your perspective, how is the policy actually working in practice for each equalities group?	

2. Consideration of available data, research and information.

	Key questions	Answers / Notes
2.1	What do you already know about who uses and delivers this service?	
2.2	What additional information is needed to ensure that all equality groups' needs are taken into account?	
2.3	How are you going to go about getting the extra information that is required?	

3. Formal Consultation

	Key questions	Answers / Notes
3.1		

4. Assessment of impact

	Key questions	Answers / Notes
4.1	Have you identified any differential impact and does this adversely affect any equalities groups?	

	Key questions	Answers / Notes
4.2	If there is an adverse impact can it be avoided, can we make changes, can we lessen it etc?	
4.3	If there is nothing you can do, can the reasons be fairly justified?	
4.4	Do any of the changes in relation to the adverse impact have a further adverse affect on any other group?	

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Appendices

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