

**SPECIAL CABINET
DECISION RECORDING LOG**

DECISION DETERMINED ON: 29th JULY 2015

DECISION WILL COME INTO EFFECT ON: 7th AUGUST 2015
(Subject to "Call-in" by appropriate Select Committee)

SUBJECT: NON DOMESTIC RATES – APPLICATION FOR HARDSHIP RELIEF

DIVISION//WARD AFFECTED: Overmonnow, Monmouth

PURPOSE:

To determine whether a reduction in rates payable is appropriate on the grounds of hardship for a large employer in Monmouth.

DECISION:

1. That relief of £75,000 is granted in this case, limited to an amount that ensures that the company remains within its state aid thresholds.
2. That the 25% relief to be met by the Authority (£18,750) is funded from earmarked reserves (Priority Investment Reserve) to the extent that it cannot be managed within existing revenue budgets.

REASONS:

1. An application for hardship relief under the provisions of section 49 has been received from the management of Tri-wall Europe, Wonastow Road, Monmouth. The Company which produces corrugated packing systems has suffered significant losses in recent years and consequently an application for financial assistance has been received in the hope that the Council would consider reducing or remitting the amount of rates payable for 2014/15 under the hardship provisions. The rates liability for 2014/15 was £202,207.50 and this amount was paid in full. However, full or partial reimbursement is requested to assist the Company at this difficult time. Financial accounts and other information to support the application have been supplied.

2. The company has been on this site for over 50 years and employs over 130 people with almost 70% living within Monmouthshire. There is also a haulier on site with 15 staff dedicated to the applicants business.
3. The Company was bought by Hong Kong based Tri-Wall Ltd in January 2013 and there followed a period of change to establish Tri-Wall throughout Europe and the Middle East. UK revenues increased modestly but overall there was a loss of £826K. During 2014 there was a further decline in sales particularly in the UK with an estimated loss of over £900K.
4. 16 people have already been identified for redundancy but there is a serious threat of closure if 2015 is not profitable.
5. In an effort to improve their position, there has been a change in strategy for 2015 to rejuvenate the sales and marketing program, reduce costs through lean thinking, reduce sales of less profitable work and instead gain large design and service led contract based sales which will allow them to plan better both in the factory and for the future.
6. The Authority has worked extensively with the Company's senior management and directors over recent months and understands that the grant of hardship relief will play a very important part in assisting the company to enable and implement its strategy and transition into a new business model, and one that will secure the company's longevity into the future.
7. The company had incurred significant losses in the earlier part of the financial year (31st December year-end). However, since the parent company have taken a more active role in supporting the company through its transition, and as a result of a collective effort by the workforce and management, trading performance has significantly improved though margins remain weak.
8. With the Council's help they hope to be able to turn the business around and re-establish itself as a prolific player in the European Heavy Duty Packaging market. The Authority and Welsh Government are also working with the company to identify means by which they can assist the company with overcoming issues with the existing site layout to ensure that there is scope for future expansion.
9. There are currently no rate arrears. The rates due for 2014/15 was paid in full. The rates demand for 2015/16 has recently been issued with an annual charge for the period 1st April 2015 to 31st March 2016 of £206,055.00.

RESOURCE IMPLICATIONS:

1. Full relief if granted would have cost the Council £50,551.88 (i.e. 25% of the reimbursement). However, hardship relief constitutes state aid funding. The company only has scope to receive £75,000 of relief in order to remain within state aid thresholds. It is recommended therefore that £75,000 relief is granted with the cost to the Council, being £18,750.
2. It is proposed that the 25% relief to be met by the Authority (£18,750) is funded from earmarked reserves (Priority Investment Reserve) to the extent that it cannot be managed within existing revenue budgets.

CONSULTEES:

Strategic Leadership Team
All Cabinet Members
Relevant Ward Member – Susan White

CABINET MEMBERS PRESENT:

County Councillors G. Burrows, P. Fox, R. Greenland, E Hacket Pain, P. Hobson, G. Howard and P. Murphy.

OTHER ELECTED MEMBERS PRESENT:

County Councillors D. Batrouni, M. Powell and V.E. Smith.

INTEREST DECLARED:

None

AUTHOR:

Peter Davies, Head of Commercial and People Development
Joy Robson, Head of Finance

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DECISION DETERMINED ON: 29TH JULY 2015

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SUBJECT: SUPPORTING THE COMPETITIVENESS OF MONMOUTHSHIRE BUSINESSES

DIVISION//WARD AFFECTED: All

PURPOSE:

To assist Monmouthshire businesses in improving their competitiveness, online trade and export potential by providing a pre-revenue repayable loan to Skutrade Limited, to develop a unique on line platform, capable of providing businesses in Monmouthshire with detailed marketing intelligence to enable them to access international markets.

DECISION:

1. To approve a pre-revenue repayable loan to enable Monmouthshire businesses discounted access to a unique on line platform that supports growth in sales and profitability whilst providing dedicated support, training and advice.
2. Upon successful conclusion of all due diligence, legal and procurement matters that delegated authority is given to the Chief Officer, Enterprise and Head of Finance (S151 Officer) in conjunction with the Cabinet Member for Enterprise and the Cabinet Member for Resources to sign the Memorandum of Agreement and associated contract, and advance pre-revenue funding of £90,000 to Skutrade.
3. That the £90,000 repayable loan is secured from the Invest to Redesign Reserve initially, with reimbursement of the reserve recouped over a fiveyear period through commissions generated from businesses subscribing to the platform.

REASONS:

This proposal supports the Council's commitment to promote enterprise, economic development and job creation whilst the pre-revenue repayable loan will enable Monmouthshire businesses to identify profit and sales opportunities and provide them with a competitive advantage in the global ecommerce market.

RESOURCE IMPLICATIONS:

1. The Council is proposing to advance a £90,000 pre-revenue repayable loan to Skutrade from the Invest to Redesign Reserve. It is intended that this funding will be recouped back over a five-year period through commissions generated from subscribing businesses.
2. Whilst Skutrade's charging intentions remain commercially sensitive, and so not included in a public report, an examination of rates indicates that Monmouthshire businesses would receive a concession of circa 70% on standard fees. The repayment is regarded as an affiliate fee rather than a simple loan repayment of £90,000, this means that the return to Monmouthshire can potentially be greater than the £90,000 investment. As an indication, simple analysis suggests that repayment of £90,000 would require take up by 28% of eligible businesses in the Monmouthshire area, although the arrangement is potentially more beneficial than that in also sharing advertising income, and deriving fees from businesses outside Monmouthshire area if take up is not sufficient within County.

CONSULTEES:

Senior Leadership Team
Economy and Development Select Committee Members
Cabinet Members

CABINET MEMBERS PRESENT:

County Councillors G. Burrows, P. Fox, R. Greenland, E Hacket Pain, P. Hobson, G. Howard and P. Murphy.

OTHER ELECTED MEMBERS PRESENT:

County Councillors D. Batrouni, M. Powell and V. Smith.

INTEREST DECLARED:

None

AUTHOR:

Peter Davies, Head of Commercial and People Development

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DECISION DETERMINED ON: 29th JULY 2015

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(Subject to "Call-in" by appropriate Select Committee)

SUBJECT: CMC² OUTTURN POSITION

DIVISION//WARD AFFECTED: AII

PURPOSE:

To provide an update on the outcomes of year three and year four activities of CMC2 and the value delivered for the communities of Monmouthshire. To consider the Council's future approach to software and systems development

DECISION:

1. To receive the final year three year-end financial position for CMC2, for the period ending 30th September 2014 and the activities and community value delivered in the period.
2. To receive the draft outturn position for the six-month period ending 31st March 2015 and the forecast outturn position for the six-month period ending 30th September 2015.
3. Subject to the finalisation of the outturn position, that the accumulated losses made by the company up to the period ending 30th September 2015, currently estimated to be £140,000, be funded via a contribution from the Priority Investment Reserve.
4. That the results of a strategic review and proposed repurposing of CMC2 be reviewed and subsequently brought in front of Cabinet for consideration.
5. That a review is commissioned of the Authority's future approach to software and systems development.

REASONS:

There is a need for Cabinet to periodically receive information relating to the performance of CMC2 in order to ensure that the company is meeting its social aims and objectives. The CIC regulator report attached at appendix 2 outlines how the company has met its social aims and objectives for the year ended 30th September 2014. It is now further proposed that in line with Board recommendations, a strategic review of CMC2 is undertaken in line with some of the potential delivery mechanisms being reviewed for future service provision and that the future of software development is considered as part of this.

RESOURCE IMPLICATIONS:

1. CMC2 reported a profit of £20,000 for the year ended 30th September 2014 (Year 3). A draft outturn position has now been produced for the six-month period ended 31st March 2015 which reports a loss of £98,000. Further to this a forecast outturn position has been prepared for the six-month period ended 30th September 2016 which reports a further loss of £18,000 (Year 4). Together with the loss brought forward on the profit and loss account on 1st October 2013 of £25,000, the accumulated loss of the company is forecast to be £140,000 at the end September 2015. . A summary of the profits and losses over the period of operation is shown below –

Deficit from 30.9.12	50,329.51
Profit from 30.9.13	-5,928.64
Profit from 30.9.14	-20,048.44
Deficit from 1.10.15 - 31.3.15	97,596.24
Total on draft balance sheet 31.3.15	121,948.67
Likely deficit 1.4.15 - 30.9.15	18,140.54
	140,089.21

2. Ahead of any decisions on the repurposing of the company it is proposed that the Authority underwrites the loss, currently estimated as £140,000. It is proposed that the losses are funded via a contribution from the Priority Investment Reserve.
3. As stated above, the current annual licence and support of the Social Care System is £100k. This demonstrates that whilst CMC2 has incurred a loss – its work in developing a new bespoke Social Care App (FLO) has resulted in the creation of a system that will immediately save ongoing annual outlay by the Council. Furthermore, the Council as the owner of the FLO is now in a position to package the product as a commercial offer through sale or licensing – interest for which has already been shown from the market.
4. In addition, the loss position must be considered alongside the many positive impacts CMC2 has delivered, including employment, education and training for young people, Y-Prentis, digital community innovation, digital inclusion, protection of local shops and services by digital high street activities, MonmouthpediA and applications such as FLO and the self-harm app.

CONSULTEES:

CMC2 Board
Senior Leadership Team
Cabinet
Monitoring Officer

CABINET MEMBERS PRESENT:

County Councillors G. Burrows, P. Fox, R. Greenland, E Hacket Pain, P. Hobson, G. Howard and P. Murphy.

OTHER ELECTED MEMBERS PRESENT:

County Councillors D. Batrouni, M. Powell and V. Smith.

INTEREST DECLARED:

County Councillor R. Greenland declared a personal non-prejudicial interest pursuant to the members code of conduct, as a Director of CMC².

AUTHOR:

Peter Davies, Head of People and Commercial Development

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SUBJECT: COMPLETION OF THE SEWAGE TREATMENT PLANT, MONMOUTHSHIRE LIVESTOCK CENTRE, BRYN GWYN

DIVISION//WARD AFFECTED: Not applicable

PURPOSE:

To approve further capital spending subject to ongoing contractual negotiations surrounding the installation of a sewage treatment plant sufficient to manage the effluent created at the Monmouthshire Livestock Centre site.

DECISION:

1. That authority be delegated to the Head of Operations, in consultation with the Head of Finance and appropriate cabinet members, to conclude negotiations with the main contractor within the limits as specified within the background paper, Appendix 1 – (exempt).
2. That the outcome of any such negotiations (ref 2.1 above) be reported to members upon conclusion of the negotiations and formal agreement between MCC and Morgan Sindall (MS - the main contractor).

REASONS:

1. Council officers are presently examining and auditing the information provided by MS and seeking further independent advice on their information submitted in relation to volumes and content of the effluent.
2. Officers are also researching the contractual relationship between the various companies acting upon MCC's behalf and the Council's subsequent liability.

3. To arrive at any agreement on this matter requires detailed assessment of the Council's risk and liability and the potential impact of not arriving at an agreement with MS. By agreeing financial parameters and allowing officers to negotiate on behalf of the Council in consultation with relevant cabinet members is a pragmatic approach to arrive at a satisfactory conclusion whilst controlling and limiting the risk and financial impact upon the Council.
4. To protect the Council's position in any negotiations with MS the parameters of the delegated authority need to remain confidential in order not to weaken the Council's negotiating position. Therefore the details of the financial limits are not included within this report but are provided as an exempt background paper. The financial implications of the negotiations will be reported in the future as and when negotiations are concluded and agreement arrived at.

RESOURCE IMPLICATIONS:

Held within the exempt report and to be reported separately upon conclusion of negotiations and formal agreement arrived at for the provision of a satisfactory sewage treatment plant.

CONSULTEES:

SLT
Cabinet Members

CABINET MEMBERS PRESENT:

County Councillors G. Burrows, P. Fox, R. Greenland, E Hacket Pain, P. Hobson, G. Howard and P. Murphy.

OTHER ELECTED MEMBERS PRESENT:

County Councillors D. Batrouni, M. Powell and V. Smith.

INTEREST DECLARED:

None

AUTHOR:

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