

# **Business case for a local authority trading company in**

## **Communications Services**

Name and logo to be agreed

### **Executive Summary**

Local government services are funded in three primary ways – from Government grant, by generating income and from property-related taxes such as Council Tax and business rates.

During recent years the level of funding made available from the Government to Newcastle-under-Lyme Borough Council has reduced by more than half as efforts are made to try and balance the books nationally.

Income has also been a difficult area for local government as the economy has been struggling for some time and this has left many service users with less money in their pockets.

In addition, there has been pressure from both the public as well as the Government for Council Tax levels to be frozen.

Combined pressure on all of these areas has resulted in Newcastle-under-Lyme Borough Council being faced with some very difficult decisions over balancing its budgets.

Since 2008/09 the council has had to plug budget gaps totalling £13,270,000.

The Medium Term Financial Strategy suggests further savings of at least £5,107,000 will need to be made up to 2020.

These pressures have impacted on many services but with pressure on elected member to protect what are often referred to as “front line services” some support services have suffered in recent times.

Since 2009/10 the Communications Service has been reduced from 18 FTE to 10 FTE at the beginning of the 2014/15 financial year – a reduction of almost half the staff.

The departmental budget has reduced by around 50 per cent in the same period with savings of £563,497.96 forecast to be achieved by the end of 2014/15.

Local government has responded, and continues to respond, to the challenges of the very difficult situation it finds itself in by developing new and innovative ways to deliver services.

Across the country there has been a move towards new models of service delivery.

Employee-led mutuals have been given much support by Cabinet Office but there has also been development of Community Interest Companies, joint venture vehicles with private sector partners and the establishment of Wholly Owned Companies.

The borough council has embraced co-operative principles and this is another potential delivery vehicle which may be considered further down the line.

A number of other councils in the region are buying in communications services on a needs basis rather than recruiting their own full-time communications professionals.

They include Stoke-on-Trent City Council, Staffordshire County Council, Cheshire East Council and Walsall Metropolitan Borough Council.

Westco Trading Limited is a company owned by the City of Westminster. It was established in 2008 to trade Westminster City Council services and skills with others in the public and private sectors.

It provides services including communications to around 12 public sector clients including a number in this region. This suggests there is a market for councils to supply communications services to other public sector bodies.

The borough council's communications company will be set up and incorporated as soon as practically possible following the agreement from Cabinet for it to exist as a private company limited by shares.

*The company will set out to secure paid for work from at least one public sector organisation during the first year of trading, one from the third sector and one from private business.*

*This will be reviewed by the board of directors throughout the first year of trading. This initial approach will not be prescriptive and if a variation between the three identified sectors comes to the fore then this will be acted upon following discussions with the directors. Flexibility will be the key.*

The company will need to grow gradually and it is important that it is given time to become established over the next two years and can demonstrate success in line with realistic expectations.

This will grow confidence within the council and also the staff involved in the company that it can meet its business objectives.

The council and board of directors will be fully aware that it has a statutory duty to recover all of the costs incurred such as accommodation, goods, services, staff or any other thing that it supplies to the company as part of any agreement or arrangement to facilitate the exercise of the trading power.

It is also important to demonstrate that all costs are recovered and that there is no actual or “hidden” subsidy so as to avoid any potential challenge by a competitor on the basis that the council is providing “State Aid” to the company.

During the third year of trading there should be an emphasis on growing the business to build on confidence developed during the first two years by staff in running a business, pitching for work and generating income.

**The board of directors will be asked to consider the future direction of the company at this point and to make appropriate recommendations to the council for its consideration with full consultation allowed for all those directly affected.**

Options could include retain the status quo, expand the business element further, support an employee-led mutual, a co-operative or even management buy-out.

## **National and local policy**

Francis Maude, Minister for the Cabinet Office, said:

*“It used to be thought that there was a simple binary choice in how public services were delivered. On the one hand they could be delivered by the state; by staff employed directly by a public sector agency. On the other they could be privatised. Outsourced. Delivered for profit by commercial suppliers.*

*“There’s nothing wrong with either model. Both can be brilliantly successful. But the world is opening up. We both need to be and want to be more open to different ways of doing things.”*

*This speech was delivered by the Minister in the Royal borough of Kensington and Chelsea and was aimed at encouraging staff to “spin themselves out of the public sector and take control of their lives and the services they provide.”*

There is therefore clear Government support for changes to be made to the old binary choice of public sector or outsourcing.

What the proposal being suggested to the borough council makes is that in communications services we begin to explore the third way which Francis Maude talks about. While the service has the support and backing of one significant client – the borough council – work begins to grow confidence and expertise in commercial practices.

This should open up choices further down the road as to how this venture develops to benefit the borough council, residents and businesses and also the staff themselves.

### Newcastle-under-Lyme Borough Council's corporate priorities

The borough council's vision is to create a borough that is prosperous, clean, healthy and safe.

The corporate priorities and their outcomes are: –

A clean, safe and sustainable borough

- Our borough will be safer.
- Our borough will be cleaner.
- Our borough will be sustainable

A borough of opportunity

- Newcastle is a great place to work.
- Newcastle is a great place to do business.
- Newcastle is a great place to live

A healthy and active community

- Everyone has the chance to live a healthy, independent life.
- Everyone has access to high quality leisure and cultural facilities/activities).
- Everyone has the opportunity to get involved in their community

Co-operative Council delivering high quality, community-driven, services

- Your council is efficient, open and innovative in its work.
- Your services are designed and delivered co-operatively.
- Your community is strong and well supported

In addition, developing the wholly owned company will in itself contribute to two of the corporate priorities – a borough of opportunity and a co-operative council.

It may contribute to a borough of opportunity as the proposal could:-

- Result in businesses growing as a result of being supported by expert communications advice and guidance.
- See staff in Communications eventually being given the opportunity to launch their own business.
- Generate additional income for the borough council.

It may contribute to a co-operative council as the proposal could:-

- Deliver innovative communications solutions for the council and other stakeholders.
- Open up opportunities for working with/for partner organisations

### Service Level Agreement

Information is one of the council's most important "front line" services and a Service Level Agreement is in place between the council and the Communications Service for 2014/15.

This should ensure that residents and businesses can have access to quality information presented through a variety of channels.

This will ensure they have the opportunity to be informed about, and involved with, council services, policies, events and activities thereby ensuring a contribution to all priority and outcome areas.

The Service Level Agreement outlines key areas that the council wishes the Communications Service to deliver during the year ahead.

These have been categorised into five areas:-

#### **1) External facing communications**

*Reporter – four times a year.*

*Press releases – primary focus on significant corporate projects, announcements, services, activities, policies.*

*Media enquiries - oversee all corporate responses, interview coaching, monitoring coverage.*

*Social media*

*Website content management.*

#### **2) Internal facing communications**

*Monthly Core Brief/executive bulletins.*

*Intranet content management.*

- 3) Corporate/partnership/management activities
- 4) Design and Print
- 5) All corporate photography

## **The legal position and related legislation**

### **Power to participate in the entity**

Although there is no specific power (vires) for a local authority to set up or participate in a company, reliance can be placed upon general powers including S111 Local Government Act 1972 and the general power of competence under the Localism Act 2011.

Further the Localism Act specifically requires a local authority to act through a company if it is exercising its general power of competence for a commercial purpose. A similar requirement is imposed on a local authority seeking to use the trading powers under the Local Government Act 2003.

### **Powers to trade**

The use of a company will potentially enable the council to provide services to entities that it would not otherwise have the power to do so.

While the Local Authorities (Goods and Services) Act 1970 gives the council, as a local authority, the power to supply, goods and services to any "public body" and this could be done without the use of a company, this is restricted to defined public bodies and would not permit services to be provided to other bodies, including the private sector

The Localism Act 2011 provides powers for local authorities to do anything that individuals may generally do.

This would permit it to provide services to public bodies not covered by the 1970 Act or to the private sector and charge for those services. Limitations on the use of this power are that the service is not one that the authority is required to provide.

The Localism Act, however, limits the vehicle that can provide services for commercial purpose and requires it to be carried out through a "company", as defined by the Companies Act 2006. This Act defines a "company" as being

companies limited by shares, companies limited by guarantee and Industrial Provident Societies.

The structure outlined for the borough council of a proposed company limited by shares would fall within the definition. Accordingly this would provide powers for the council to provide trade communication services in the market commercially.

Further reliance could be placed on the powers conferred by Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 1 and the Local Government Act 2003.

This allows the council to do for a commercial purpose anything it is authorised to do for the purpose of carrying on any of its ordinary functions.

Since it undertakes the communication services activities for the purposes of the council's own activities, this would give further power to trade those services in the market.

The Order however requires the council to:-

- Prepare and approve a business case.
- Exercise the power through a company within the meaning of Part 5 of the Local Government and Housing Act 1989 (again this would include a company limited by shares, as proposed).
- Recover all costs of any accommodation, goods, services, staff or any other thing that it supplies to the company.

While the Localism Act power does not require a business plan or the recovery of costs, it is arguable that the Order and the Local Government Act 2003, under which it is made, amount to restrictions to which the general power is subject.

Accordingly it would be prudent to prepare and approve a business plan and ensure relevant costs are recovered.

#### Part V Local Government and Housing Act 1989

Part V of the Local Government and Housing Act 1989 imposes various requirements on companies which are under the control of a council. The proposal to form a wholly owned company is therefore likely to bring it within the purview of Part V.

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A controlled company will be required:-

\* to mention on all business letters, notices and other documents of the company and on its web site the fact that it is a company controlled, or, influenced, by the council.

\* not to pay to a director who is a member of the council remuneration in excess of the maximum amount (calculated by reference to Members' Allowances).

\* not to pay to a regulated director an allowance, or reimburse expenses, in excess of the maximum amount (calculated by reference to Members' Subsistence).

\* not to publish any material which the relevant authority would be prohibited from publishing by section 2 of the Local Government Act 1986.

\* to remove any director who becomes disqualified for membership of a local authority otherwise than by being employed by a local authority or a controlled company.

\* to provide, and authorise or instruct, its auditors to provide information to the council's auditors.

\* to provide to a member of the council information about the affairs of the company.

\* to obtain the consent of the council's auditors to the appointment of the auditors for the wholly owned company.

\* to make available for inspection by any member of the public a copy of the minutes of any general meeting of the company.

A controlled company can be excluded from the requirements to make minutes available to the public if in relation to any financial year if, at a time before the beginning of that year, the council resolved that the company should be an arm's length company and, at all times from the passing of that resolution up to the end of the financial year in question, the following conditions applied:-

- Each director of the company was appointed for a fixed term of at least two years.
- No director of the company has been removed by resolution under section 168 of the Companies Act 2006, unless exempted by the Secretary of State.
- No more than one-fifth of the directors have been members or officers of the council.
- The company has not occupied any land in which the authority has an interest otherwise than for the best consideration reasonably obtainable.
- The company has entered into an agreement with the authority to use its best endeavours to produce a specified positive return on its assets.

- The authority has not lent money to the company or guaranteed any sum borrowed by it or subscribed for any securities in the company except for the purpose of enabling the company to acquire fixed assets or to provide it with working capital,
- The authority has not made any grant to the company except in pursuance of an agreement or undertaking entered into before the company's financial year in which the grant was made; and/or
- The amount of which is in any way related to the financial results of the company in any period.

## **Business proposal**

Powers conferred by Regulation Two of the Local Government (Best Value Authorities) (Power to Trade) (England Order 2009) and the Local Government Act 2003 allows the council to do for a commercial purpose anything it is authorised to do for the purposes of carrying on any of its ordinary functions. Since the council undertakes communication service activities for the purpose of the council's own activities, this gives further power to trade those services in the market.

The Order, however, requires the council to approve a business case and recover all of the costs for any accommodation, goods, services, staff or any other thing that it supplies to the company. The specialist advice received by the council argues that while the Localism Act power does not require a business plan or the recovery of costs, it is arguable that the Order and the Local Government Act 2003 - under which it is made – amount to restrictions to which the general power is subject.

And the advice received by the council therefore suggests it would be prudent to prepare and approve a business plan and ensure relevant costs are recovered

As indicated earlier in this document, the intention of the Wholly Owned Company in the first year of trading activity will be to:-

*The company will set out to secure paid for work from at least one public sector organisation during the first year of trading, one from the third sector and one from private business. This will be reviewed by the board of directors throughout the first year of trading. This initial approach will not be prescriptive and if a variation between the three identified sectors comes to the fore then this will be acted upon following discussions with the directors. Flexibility will be the key.*

Normally, when a company is being prepared for launch, a business plan is produced which outlines its objectives, its strategies, the market it is in and its financial forecasts. This document has many functions from securing external funding to measuring success within the business as well as planning for the future.

The circumstances surrounding the establishment of the borough council's wholly owned trading company for communications are such that this level of detailed business case is not necessary.

The company is not trying to persuade investors or to secure external funding. It will also have no assets or directly employ staff in the initial phases.

The Wholly Owned Company will be trading around the margins of the Communications Service and therefore any work which is generated will be achieved within existing costs and any costs incurred by the council as a result of securing external work by the company will be fully recovered.

Essentially, what the model which has been put forward achieves is the ability of the council to benefit from any trading opportunities which arise without the risks normally associated with starting or running a business.

As mentioned previously, all of the costs which the council could incur to enable the business to develop and to establish itself must be recovered.

## **Project Plan**

### *July - August*

Cabinet to approve establishing trading company

Company registered at Companies House, name chosen.

Directors and the Company Secretary appointed.

Inaugural board meeting held.

Detailed costs to be recovered by the council finalised and agreed.

Develop appropriate exit strategy at company launch (see section 10 on Risk)

### *September*

Company marketing activities get under way – website, promotional material if necessary, social media channels.

### *October*

Board of Directors meet

Develop milestones/project plan for second half of year.

### *December*

Scoping discussions with finance team over company returns etc.

Scoping discussions with council over Service Level Agreement.

### *January*

Board of directors meet.

### *March*

Submit statutory financial returns/information for year end.

Review first year activity, achievements, issues at board meeting.

Refine business plan and establish model for 2015/16.

Review Service Level Agreement with council.

## **Governance**

### **Company**

In most cases, the general day-to-day decision making of companies is taken by the directors appointed to the Board.

There are no restrictions on who can be appointed as a director provided that there is at least one individual director and none of the proposed directors have been disqualified as being appointed as directors.

The Companies Act 2006 requires the approval of shareholders for certain decisions such as altering the constitutional documents of a company, dis-applying statutory pre-emption rights on allotments of shares and changing the name of a company.

In addition, it is possible for shareholders of any company to contractually agree with a company that additional decisions can be reserved for shareholder approval such as entering into contracts of a certain value, employing employees over an agreed remuneration, entering into any loan/security documentation.

There are no restrictions on what can be reserved to shareholders although that can then be relevant in considering who "controls" the company.

This could enable the council to, for example, retain greater control over strategic matters or other areas seen as having particular importance to the council.

If the council sought to take advantage of the "Teckal" exemption so as not to have to procure services it sought from the company, such an arrangement would help it demonstrate the necessary level of control. .

The Companies Act 2006 requires a certain amount of information to be provided by companies to the Registrar of Companies which keeps a public record of that information.

That information can be accessed by members of the public and will include annual accounts, details of appointments and resignations of directors, annual returns, details of issues or cancellations of shares and details of any charges or other security affecting a company's assets.

Membership of the Board will not be constrained by the legal requirements relating to local government executive decisions, political balance, etc. It could therefore be comprised of, employees of the company with no representation from the council or include or comprise officers and or members. It will also be possible to have "external" directors.

Although there are no restrictions on who can be a director of a company, the directors themselves are subject to a number of duties – these have emanated from case law although there are now seven duties which are codified in the Companies Act 2006, including matters such as a duty to promote the success of the company and a duty to avoid conflicts of interests and not to accept benefits from third parties.

Generally speaking, a director will not incur personal liabilities by taking on the role although the Companies Act 2006 contains a number of offences which can involve directors being fined for late filing of information at Companies House (such as annual accounts and annual returns).

Personal liabilities can also be incurred where directors continue to trade (either wrongfully or fraudulently) to the detriment of creditors at a time when the company is unable to pay its debts.

The Council may need to put in place a mechanism internally to act as shareholder.

As part of the business case for the Wholly Owned Company it is being proposed that at the outset there will be three directors on the board.

A councillor – a job description and person specification has been drafted and this will be made available to councillors before an appropriate selection process takes place.

The council's Head of Communications

A non-executive director who will be from the private sector and will have the experience and track record within public relations to support the growth and development of the company.

### Company Secretary

Private companies are no longer required to have a company secretary. This requirement was abolished pursuant to the Companies Act 2006, as from 6 April 2008.

The rationale for removing this requirement was that, without underestimating the highly valuable function which the company secretary can fulfil in certain companies, for small private companies, particularly those with only one director, it often became a regulatory burden, with the result that the role had to be contracted out to external advisors.

A private company therefore has a choice as to whether to have a secretary. Note, however, that where a private company decides to dispense with the requirement for a company secretary, it will need to ensure that the functions of the role are carried out by another individual or individuals, typically the directors.

There is no comprehensive code defining the scope of the duties of a company secretary. The responsibilities are governed partly by statute and partly by general law. If the company secretary is also an employee, that person may have additional duties and responsibilities arising from their employment contract.

In general, a company secretary's obligations under the Companies Act 2006 are administrative rather than managerial (which tasks would fall to the responsibility of the directors).

Specific functions include maintaining the company's statutory registers.

- A company is required to maintain certain books and records including the following: -
  - register of members (and index of members' names if more than 50)
  - register of directors and secretaries
  - register of directors' residential addresses
  - register of charges
  - records of director and shareholder meetings and resolutions
  - register of interests in shares (public companies only)

- With the exception of the minute books of directors' meetings (which may be kept where the directors determine), these registers must generally be kept at the company's registered office address. However, they may be kept at a single alternative location (for example, this is sometimes done where the company uses professional registrars). If this is the case, notice of the alternative address must be filed at Companies House.
- The company secretary should familiarise himself with the precise information required in each register and ensure that it is kept completely up to date. Failure to do so risks the secretary being liable to a fine. However, this may not be the only consequence. In particular, failure to keep the register of members up to date can have disastrous consequences, as a shareholder's voting and other share rights generally arise only once his name is written in the register as a member.
- Although not a statutory requirement, companies also tend to keep separate registers of transfers and allotments of shares, the maintenance of which will also be the responsibility of the company secretary.

### Meetings and Access to Information

The company will not be subject to local authority rules regarding meetings.

Meetings can therefore be held in private, and save for the provisions outlined above regarding minutes there is no obligation to provide the public with copies of agenda reports and background documents.

However a company wholly owned by the council will be a publicly-owned company under Section 6 of the Freedom of Information Act 2000 and will therefore be subject to compliance with the Act.

### Risk

The risks associated with the formation of a local authority trading company can be classified into two main areas:-

- a) Reputational risk associated with trading within and outside of the borough and the wider perception on the success of the venture.
- b) The operational risks are more around the financial returns and the ability of the business to deliver the expected benefits.

The reputational risk could and should be seen as a positive risk as the borough council will be demonstrating its desire to operate in an entrepreneurial way for the benefit of local Council Taxpayers as well as the wider community.

Ensuring qualified staff are involved in trading activities and learning and development plans are in place will also mitigate risks with regards to reputational damage.

The board of directors will have a key role to play in deciding which pieces of work the company will be involved in. This will have a two-fold benefit.

Firstly it will allow the group to consider which contracts/work it wishes to be associated with and the potential impact on the council/company reputation will be a factor in those considerations.

Secondly, the inclusion of a non-executive director with a background in commercial press and public relations will reduce the risk of entering into work which may not be in the council/company's best interests.

The financial risks are considered to be limited given the scale and nature of the business during the initial business plan period.

The company will not directly employ staff in the initial development stages and will not have any assets. Neither will it have any financial goals to achieve. However, it could incur debts but if the company ceased to trade the debts would remain with the company and not become a council liability.

The main financial risk involves the council covering all of its costs in relation to company activities. Work being undertaken with Financial Services will ensure this is the case.

One of the major risks facing the company's success involves the Service Level Agreement with the council.

It is imperative that a balance is struck between enabling the council to have its core communication activities suitably resourced while at the same time enabling some trading activity around the margins in any surplus capacity situations.

Too onerous an SLA will obviously impact on the ability to trade.

However, in the first year or so this will be new territory for both the council and the staff involved so an annual review and the collection of key data involving time spent on various corporate duties will be important so the SLA can be refined and developed.

Overall it is considered that the risk associated with the actual formation of the company is low and that the trading activities and resultant impact on the council could be beneficial and in a risk v benefits scenario, it is felt the benefits far exceed the risks which are certainly manageable and minimal.

## Tax

Officers from the council's Finance Service have given initial consideration to the tax issues which a trading company and the council could face and they have also been in touch with the council's advisers on such matters.

Guidance on VAT and Corporation Tax has been made available and is outlined below.

### VAT

If the income of the company exceeds £79,000 p.a., it will have to register for VAT, which would mean:-

- a) The company would have to charge VAT to its customers where appropriate.
- b) The company would have to know when, and when not, to charge VAT - VAT would be applicable to PR work and some types of printing e.g. calendars, business cards and diaries are standard rated; books, magazines and advertising leaflets are zero-rated.
- c) VAT invoices would have to be issued by the company where appropriate.
- d) The company would be able to reclaim VAT on expenditure relating to its publicity and printing services, assuming it has VAT invoices from its suppliers for those services.
- e) The company would have to account for VAT to HMRC and send it a quarterly VAT return.

### Corporation Tax

This is a tax on the taxable profits of limited companies and some organisations including clubs, societies, associations, co-operatives, charities and other unincorporated bodies.

There are currently two rates of Corporation Tax, depending on the company or organisation's taxable profits:-

- (i) The lower rate - known as the "small profits" rate.
- (ii) The upper rate - known as the "full" rate or "main" rate.

The "small profits" rate is for profits not exceeding £300,000. Tax would be charged at: 20 per cent. This is the rate for the current year and previous years.

The "main rate" of Corporation Tax has been reduced from 23 per cent to 21 per cent for 01/04/14, but this is for profits exceeding £1,500,000. If profits fell between £300,000 and £1,500,000 a rate is calculated somewhere between the "small profits" rate and "main rate".

## **Exit strategy**

The final portion of any business case/plan outlines an exit strategy.

It may seem odd to develop a strategy this soon to leave our business but it is important that staff and the council recognise an exit may at some point become a reality for a number of reasons – both favourable and unfavourable.

There are a number of recognised routes for exit and these are outlined below. However, much will depend on the circumstances being faced prior to exit and therefore it is not possible at this stage to opt for one particular option.

*Let it run dry* - this can work especially well in small businesses. In the period prior to exit it is important to try and settle any remaining debts and then the council can simply close the doors and liquidate any remaining assets. With the larger income, naturally, comes a larger tax liability.

It is not proposed at this stage for the company to own assets or employ staff so this option is obviously one that seems fairly straight forward in the situation being considered by the borough council.

*Sell our shares* - this works particularly well in partnerships such as law and medical practices. If the company grows and performs well then there may be an opportunity for the council to sell its equity. This can be to those already involved in the business – for example staff – or to a new owner or partner. This exit strategy enables the council to leave the firm cleanly plus it could gain the earnings from the sale.

*Liquidate* - sell everything at market value and use the revenue to pay off any remaining debt. This is a simple approach, but also likely to reap the least revenue. Much will depend on whether the company grows and is allowed to build assets.

This option means that the council simply matches assets with buyers. However, if this scenario arose it is likely that the council will be eager to sell and therefore at a disadvantage when negotiating.

### **Exit strategies for short-term involvement**

*Go public* - while it is possible the council may be sitting on the next Google, Initial Public Offerings or IPOs take much time to prepare and can cost anywhere from several hundred thousand to several million dollars, depending on the exchange and the size of the offering. At this stage this option is not likely.

*Merge* - sometimes, two businesses can create more value as one company. If the council believes such an opportunity exists for its firm, then a merger may be a ticket

to exit. If it looks to leave entirely, then a merger would likely call for the head of the other involved company to stay on.

If the council didn't want to relinquish all involvement, it could consider putting options forward which allowed continued involvement through some sort of advisory role.

*Be acquired* - other companies might want to acquire the council's business and keep its value for themselves. If this were the case it would be important to make sure the offered sale price meshes with our business valuation.

We may even seek to cultivate potential acquirers by courting companies who we think would benefit from such a deal. If the acquirer was chosen wisely, the value of the business can exceed what we might otherwise earn in a sale.

*Sell* - selling outright can also allow for an easy exit. If the council wishes, it could take the money from a sale and sever itself completely from the company. It may also negotiate for equity in the buying company, allowing it to earn dividends afterwards.

It is clearly in the council's interests to ensure the wholly owned company is a good fit for the buyer and therefore more likely to prosper.

The most common exit strategy for any business owner is to sell the business to someone else or to some other company. However, as pointed out above, other options are in place and it will be important to consider all of these before decisions are taken.

Of course, further options do exist depending on the direction the council and the company may wish to take. These could include consideration for an Employee Led Mutual, a management buy-out, joint venture etc.

Phil Jones

Head of Communications

July 2014