

Appendix B: Option 3 Benefit and Risk Analysis

Option 3: Establish a local authority controlled company model.	Benefits	Funding Implications	Risks - Mitigation
<p><i><u>Note:</u> Further legal advice will be required to fully assess the best model to meet City and County Council requirements, and any associated risks.</i></p> <p>Option 3a - <i>There is potential to extend option 2 at a later stage into a wider place marketing company. (This is the model adopted by Marketing Birmingham under its CA)</i></p>	<p>Maximum alignment with other local authority services.</p> <p>Company retains a level of independence.</p> <p>Through TUPE (if applicable) existing expertise could be transferred to the new arrangements.</p> <p>If set-up correctly this model could have good public and private sector buy-in.</p> <p>Joint City / County ownership strengthens the whole county approach.</p> <p>If the Teckal exemption applies the transfer of LA funds is exempt from normal procurement rules.</p>	<p>Greater potential for income generation through a Trading Company to reduce dependency on public sector funding.</p> <p>Greater access to external funding streams where LA are not eligible applicants.</p> <p>LA funding would be required for set-up and at least the first 2-3 years.</p> <p>The ongoing costs associated with running a company e.g. financial audits</p>	<p>Risks associated with a Trading Company not delivering sufficient turnover over to cover costs.</p> <p>Loss of expertise through transitional arrangements.</p> <p>Loss of existing commercial activity through transitional arrangements.</p> <p><u>Mitigation</u></p> <p><i>A full risk assessment including mitigated actions will be undertaken as part of the business case.</i></p> <p><i>A detailed financial assessment for the company / companies will be produced.</i></p>

	<p>A two-company model could enable clear delineation between activity requiring public funds (Teckal Company – strategic activity) and activity which should be in future funded by the private sector (Trading Company – tactical activity)</p>		<p><i>Positive and ongoing discussions with Leicestershire Promotions Ltd will continue to enable a smooth transition to the new arrangements.</i></p>
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