

## **NOVAE CONSULTING LTD**

### **1. Purpose**

- 1.1 To allow the Finance and Services Scrutiny Committee to review and comment upon the Novae Consulting report that will be considered by Cabinet on 12 July 2016.

### **2. Recommendations / For Decision**

- 2.1 Note the content of the attached report.
- 2.2 Make any relevant comments or suggestions with regards to the report that will be considered by Cabinet on 12 July 2016.

### **3. Supporting Information**

- 3.1 In April 2015 Council approved setting up a trading company (subsequently registered as Novae Consulting Ltd) to deliver consultancy services to businesses on a commercial basis in accordance with the business case.
- 3.2 Any changes to the status of any AVDC companies is a reserved matter under the Shareholder Agreement. As such, Cabinet will be receiving a report (attached) on 12 July 2016 relating to the status of Novae Consulting Ltd which is a wholly owned company of AVDC.
- 3.3 The Cabinet report provides background information on the formation and operation of Novae Consulting, as well as two recommendations relating to its future.
- 3.3 Any comments / suggestions made by the Scrutiny Committee will be reported verbally at the Cabinet meeting on 12 July 2016.

### **4. Options Considered and Resource Implications**

- 4.1 These are both detailed in the Cabinet report.

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Background Documents: none

**NOVAE CONSULTING LTD**  
**Councillor Janet Blake**  
**Cabinet Member for Business Transformation**

**1 Purpose**

- 1.1 Any change to the status of an AVDC company is a reserved matter under the Shareholder Agreement. This report relates to the status of Novae Consulting Ltd which is a wholly owned company of AVDC.

**2 Recommendations/for decision**

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| <p>2.1 At the end of the first trading year for Novae (31 July 2016) the company is made dormant for one year and all future consultancy work offered to businesses using AVDC staff is routed through Vale Commerce Ltd under the Incgen brand.</p> <p>2.2 To undertake a further review of the requirement to keep the Novae Consulting Ltd Company registered at Companies House before the end of the second accounting year.</p> |
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**3 Supporting information**

- 3.1 In April 2015 Council approved setting up a trading company (subsequently registered as Novae Consulting Ltd) to deliver consultancy services to businesses on a commercial basis in accordance with the business case.
- 3.2 The company was registered on 31 July 2015 and the initial business case was based on selling consultancy services relating to energy and sustainability. In particular to focus on providing audits to meet the new ESOS legislation (Energy Savings Opportunities Assessments) which applied to companies employing over 250 staff. This legislation required a mandatory audit of energy and transport to have been carried out by an ESOS lead assessor and submitted to the Environment Agency by 5 December 2015. Although experience has shown that not all companies have taken on this requirement by the deadline.
- 3.3 AVDC employee experts in this field and the basis of the company was to charge commercial rates for the work to businesses and then recharge the AVDC staff time back to AVDC, thereby providing an income stream for AVDC.
- 3.4 An initial loan facility of £10k was approved but has not been used due to the low take up of ESOS assessments and it is anticipated that costs will be met from revenue received.

**4 Overlap with Vale Commerce/Incgen**

- 4.1 In December 2015 Council set up another trading company Vale Commerce Ltd which has a brand called Incgen whose purpose is to provide services to businesses.

- 4.2 The remit of Vale Commerce is much broader than Novae and would be in a position to source services, which includes consultancy, from both within AVDC and also externally through the Incgen brand.
- 4.3 The attraction of this proposition to businesses has already been acknowledged as a result of the successful launch of Incgen on 15<sup>th</sup> June 2016 at the Gateway where over 50 local businesses attended and provided feedback on what services they would be interested in from Incgen.

## **5 Financial Savings**

- 5.1 An internal review was undertaken to consider whether it was beneficial to keep Novae Consulting Ltd operating on the same basis or whether there were advantages to transferring the consultancy work to Incgen.
- 5.2 The review recommended transferring the consultancy work to Incgen. This route would provide a much higher opportunity to address the needs of businesses and generate a higher return for the company (Vale Commerce Ltd).
- 5.3 There would be further operational overhead savings including:

Officer and Director time at board meetings  
Annual Insurance costs £2700  
Annual Fees for accountancy services £1560

- 5.4 As Novae Consulting has not been trading for a full year and has not yet become an established brand the transition to Incgen will not create any issues. Existing clients and prospective clients Novae are talking to will be advised of the changes and at the same time be invited to become members of the Incgen Entrepreneur Club.
- 5.5 The review also recommended keeping Novae Consulting Ltd as a dormant company for one year before reviewing whether to close down the company completely. This would provide the Council with an opportunity, if it should arise, to repurpose the company where Vale Commerce Ltd was not a suitable vehicle.

## **6 Options considered**

- 6.1 The option to keep Novae running as a separate company for consultancy services was considered but for the reasons above it was discounted.

## **7 Reasons for Recommendation**

To meet the requirements of the Shareholder Agreement under the Reserved Matters.

## **8 Resource implications**

- 8.1 There are no further resource implications.