

Company Handbook



Section 6: Trading between the council and its companies

Trading policy

An explanation of how the council expects to trade with its companies



Introduction

1. The council expects all of its wholly owned companies to procure services from the council, rather than a third-party provider, wherever possible. The council recognises that the Board of each company will need to be able to demonstrate that any such service provides value for money, when taking into account both the cost of the service and the benefit that is derived from it.
2. The council also aims to obtain services from its companies, rather than third party providers, wherever this is legally permissible and presents a value for money solution.
3. The purpose of this note is to set out the council's expectations in respect of trading with, and between, the companies, to highlight some key areas for consideration in respect of trading arrangements, and to identify key stakeholders who need to be involved in the discussions.

Services provided by the council to the companies

4. The council's internal Service Catalogue (as updated from time to time, and available to the companies upon request to the Shareholder Liaison Manager), sets out what services the council is able to provide internally and externally.
5. Where the companies require any of these services, the council expects the companies to obtain them from the council, rather than third parties and in the first instance to establish whether or not the council has the capacity and expertise to provide the services that the companies require. Of the services outlined in the Service Catalogue, the below services are expected to be particularly relevant to the companies:
 - a) Audit services
 - b) Financial services
 - c) HR services
 - d) Information Governance services
 - e) ICT services
 - f) Risk and insurance services
 - g) Legal services
 - h) Fleet services
 - i) Equality and Inclusion services
 - j) DBS services
 - k) Procurement services
 - l) External communications (including Design Services)
6. The council is required to recover the costs of any accommodation, goods, services, staff or any other thing it supplies to a company in pursuance of any agreement, or arrangement in place.
7. When a company wishes to use any of these council services, they should contact the relevant council representative directly (copying in the Shareholder Liaison Manager). If

they do not have a relevant contact, they should contact the Shareholder Liaison Manager who will be able to facilitate an introduction.

Services provided by the companies to the council

8. The council wishes to ensure that, wherever possible in accordance with legislation and relevant to business need, it awards contracts to its own wholly-owned companies. For example, waste services and facilities management services would typically be offered to Bristol Waste Company Limited before external providers, provided that doing so evidenced a viable and cost-effective solution.
9. The approach taken to awarding such contracts will depend on the procurement status of the relevant company. Further information on the procurement status of each of the council companies will be set out in a separate Guidance Note.

Awarding a contract to a Teckal company

10. In brief, where a council-owned company is a 'Teckal' company, the council can directly award a contract to the relevant company, rather than going through a formal procurement process. This may save time and costs.
11. However, in order to ensure value for money, a robust business case must be developed and approved through appropriate channels (both within the relevant company and within the council) and it is likely that some form of benchmarking exercise would need to be carried out in the market. BCC Legal will also need to ensure that there is no risk of the arrangement giving rise to a subsidy (formerly, state aid).
12. A range of council colleagues will therefore need to be involved in this process, including the officer who will be the 'operational client' under the new arrangement, colleagues from procurement, finance and legal, and the Shareholder Liaison Manager.
13. The Cabinet Member who has responsibility for the relevant area is (depending on the value of the contract) likely to need to be consulted throughout the process (this will be facilitated by the relevant 'operational client'), as will the Cabinet Member who acts as the Shareholder Representative (this will be facilitated by the Shareholder Liaison Manager).
14. From the companies' perspective, their own Boards, and that of the Holding Company are likely to need to be engaged (depending on the value of the contract).

Awarding a contract to a non-Teckal company

15. Where a council-owned company is not a Teckal company, and the contract value is over certain thresholds, a procurement process must be undertaken, in compliance with the [Council's Procurement Rules](#), the [Public Contract Regulations 2015](#) and the [Utilities Contracts Regulations 2016](#), as applicable.
16. Again, a range of council colleagues will need to be involved in this process, including the officer who will be the 'operational client' under the new arrangement, colleagues from procurement, finance and legal, and the Shareholder Liaison Manager. From the companies' perspective, their own Boards, and that of the Holding Company are likely to need to be engaged.

Services provided by the companies to each other

17. The council expects that its wholly owned companies promote sharing of resources within the Group where possible, only using external support where essential. Shared support services are therefore envisaged between the subsidiaries, to the extent this can be facilitated. An example of this is the provision of company secretarial support from the Holding Company to the other companies.

Managing conflicts of interest

18. It will be necessary to consider, when awarding a contract to a company or vice versa, whether any potential conflicts of interest exist and, if so, how they can be addressed. A conflict may arise, for example, if the Cabinet member with ultimate responsibility for approving the contract award is a director of the relevant company, or if it is proposed that the same BCC Legal representative advises the company as advises the council in respect of a contract.
19. Mitigations may be put in place to manage these potential conflicts and BCC Legal will be able to advise on such issues as/when they arise.
20. For more information on this, please see Guidance Note: Conflicts of interest.

Ensuring the arrangement is documented

21. For lower value services (e.g. ICT support or legal support), there is a standard form contract that is used when a council-owned company wants to obtain services from the council or vice versa. This contract includes a clear service specification, fee structure and payment arrangements. Please contact the Shareholder Liaison Manager for more information on this template contract.
22. For higher value services (e.g. waste services) between the council and the companies, the council's 'operational client' will need to instruct BCC Legal to draft an appropriate contract to reflect the detailed arrangements. The Shareholder Liaison Manager should also be notified.

Further information

23. For further information on trading between the council and the companies, please contact the Shareholder Liaison Manager: Helen.Davis@bristol.gov.uk.
24. For further information on trading between the companies, please contact the Finance Director of the Holding Company: Chris.Holme@bristol.gov.uk

Table 1: Version Control Table

Version	Summary of Edits	Editor	Date of Version
V 1	First version for publishing	Shareholder Liaison Service	10.11.2021
V 2			
V 3			