

**Legal and Property Services**  
Salisbury District Council  
PO Box 2117  
Salisbury, Wiltshire SP2 2DS

*contact:* John Crawford  
*direct line:* 01722 434607  
*fax:* 01722 434539  
*email:* [jcrawford@salisbury.gov.uk](mailto:jcrawford@salisbury.gov.uk)  
*web:* [www.salisbury.gov.uk](http://www.salisbury.gov.uk)

# Report

**Subject** : Administration of Café Licences  
**Report to** : Cabinet  
**Date** : Wednesday 28 February 2007  
**Author** : John Crawford  
**Cabinet Member for Resources** : Councillor Don Culver

---

## 1. Summary:

To decide the future arrangements for the administration of the licensing of cafes in Salisbury.

## 2. Background:

- 2.1. Salisbury City Centre Management Company Limited ["SCCMC Ltd"] a private company limited by guarantee currently collects and retains for its own benefit licence fees ["the Fees"] charged by the Council with regard to street and market cafes in Salisbury.
- 2.2. The Fees amount in total to £6700 per annum.
- 2.3. SCCMC Ltd was incorporated on 30.04.2004. It took over the collection of the Fees from Salisbury City Centre Management ["SCCM"].
- 2.4. SSCM was an unincorporated association of various bodies one of whose members included the Council. SCCM collected the fees and accounted to the Council for them. The Council employed the Manager and provided accommodation and facilities at 3 Rollestone Street without charge. Legal and Property Services provided legal support.
- 2.5. The Manager has been employed by SCCMC Ltd since its incorporation. However the Council continues to provide accommodation and facilities for SCCMC Ltd at 3 Rollestone Street without charge. Legal and Property Services also continue to provide legal support.
- 2.6. Most of the Licences are due to end on 31.03.2007 and will be up for renewal.
- 2.7. Following the incorporation of SCCMC Ltd Management Team agreed that SCCMC Ltd should neither be advantaged nor disadvantaged as a result. To support SCCMC Ltd to start up SCCMC Ltd was allowed to collect and retain the Fees until 31.03.2007 when the position would be reviewed.
- 2.8. The Market Square and Butchers Row house the largest numbers of cafes. Members will wish to have regard to the suggested proposals for the Market Square as part of the Salisbury Vision when deciding on future service delivery arrangements and if any option other than insourcing is adopted the timeframe over which any external provision should continue.
- 2.9. A copy of SCCMC Ltds unaudited financial statements for the year ending 31.03.2005 are attached as Appendix 1.



Awarded in:  
Housing Services  
Waste and Recycling Services



**3. Options:**

3.1. Insource

3.1.1 **For**

- The Council benefits from the receipt of the gross fee income
- The Council takes full control of the administration of the Licences

3.1.2 **Against**

- The Council will need to resource arrangements for the administration of the Licences
- The Council assumes the risk for the administration of the Licences

3.2. Maintain the current arrangements with SCCMC Ltd

3.2.1 **For**

- The Council continues to take advantage of the existing expertise of SCCMC Ltd

3.2.2 **Against**

- The Council owes a fiduciary duty to its taxpayers to achieve value for money
- It could be perceived that the Council was discriminating in favour of SCCMC Ltd against other providers of Council services

3.3. Renegotiate the arrangements with SCCMC Ltd

3.3.1 **For**

- The Council secures a better value for money service with a familiar provider
- Avoids the costs and time associated with market testing

3.3.2 **Against**

- No market testing

3.4. Market testing

3.4.1 **For**

- Choice of potential suppliers
- Clear test of price

3.4.2 **Against**

- Costs and time associated with market testing
- The contractual arrangements offered may be too short to be attractive to the market or the Council could be locked into contractual arrangements which might impact on the implementation of any future proposals for the Market Square as part of the Salisbury Vision.

**4. Consultation undertaken:**

- "Prescribed" internal consultees

**5. Recommendations:**

5.1 The Head of Legal and Property Services be authorised to renegotiate the existing arrangements with SCCMC Ltd in the form of a formal service level agreement on the following terms and conditions:

- the term is for a period of one year ending on 31.03.2008 with an option to renew for another year at the discretion of the Head of Legal and Property Services in consultation with the Portfolio Holder for Resources
- SCCMC Ltd shall be entitled to charge commission at such a % rate as the Head of Legal and Property Services shall be advised as is an appropriate market rate by the Council's retained valuers Humberts

But otherwise on such terms and conditions as the Head of Legal and Property shall determine.

5.2. Should the Council and SCCMC Ltd not be able to reach agreement in accordance with 5.1 above on or before 31.03.2007 the Head of Legal and Property Services be authorised to end the existing arrangements with SCCMC Ltd to take effect on 29.04.2007 and the administrative arrangements are brought back in house to be carried out by Legal and Property Services.

6. **Background papers:**  
Management Team minute 030305/5

7. **Implications:**

- Key decision: no
- Financial: dependent on selected option.
- Legal: dependant on selected option. The law will imply that reasonable notice should be given to SCCMC Ltd to end the existing arrangements should Option 1 or 4 be chosen. The selection of Option 2 may expose the Council to the risk of breach of fiduciary duty to its taxpayers.
- Human Rights: the existing arrangements with SCCMC Ltd are likely to amount to a "property" right for the purposes of The First Protocol Article 1 [Protection of Property"]. Article 6 [Right to a Fair Trial] is likely to be engaged.
- Personnel: only the selection of Option 1 will require additional resource
- Community Safety: the Council is able to exercise a degree of control through licensing arrangements
- Environmental: the Council is able to exercise a degree of control through licensing arrangements
- Council's core values: excellent service, a thriving local economy, fairness and equal opportunity for all, working together
- Wards affected: Salisbury City

**SALISBURY CITY CENTRE MANAGEMENT COMPANY  
LIMITED**

**COMPANY INFORMATION  
For the Period 30 April 2004 to 31 March 2005**

**DIRECTORS:** I N Newman  
C Hurford-Jones  
J W Osgood  
K A Edwards  
L T Foord  
T A Holloway  
A Mansfield

**SECRETARY:** A Johnson

**REGISTERED OFFICE:** 42-44 Castle Street  
Salisbury  
SP1 3TX

**REGISTERED NUMBER:** 05116997 (England and Wales)

**ACCOUNTANTS:** Fawcetts  
Chartered Accountants  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

**SALISBURY CITY CENTRE MANAGEMENT COMPANY  
LIMITED**

**REPORT OF THE DIRECTORS  
For the Period 30 April 2004 to 31 March 2005**

The Directors present their report with the financial statements of the company for the period 30 April 2004 to 31 March 2005.

**INCORPORATION**

The company was incorporated on 30 April 2004 and commenced trading on 1 October 2004.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of promoting Salisbury as a thriving regional and national business and commercial centre. The company is a non-profit making organisation.

**DIRECTORS**

The directors during the period under review were:

I N Newman	- appointed 30.4.04
C Hurford-Jones	- appointed 30.4.04
J W Osgood	- appointed 11.2.05
K A Edwards	- appointed 20.1.05
L T Foord	- appointed 20.1.05
T A Holloway	- appointed 20.1.05

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

In addition A Mansfield was appointed director on 19 May 2005.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

I N Newman – Director

Date: 21 July 2005

**SALISBURY CITY CENTRE MANAGEMENT COMPANY  
LIMITED**

**REPORT OF THE DIRECTORS  
For the Period 30 April 2004 to 31 March 2005**

	NOTES	£
<b>TURNOVER</b>		100,174
Administrative expenses		84,952
<b>OPERATING PROFIT</b>	2	<hr/> 15,222
Interest receivable and similar income		582
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<hr/> 15,804
Tax on profit on ordinary activities	3	-
<b>PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<hr/> 15,804
<b>RETAINED PROFIT CARRIED FORWARD</b>		<hr/> <hr/> 15,804

**SALISBURY CITY CENTRE MANAGEMENT COMPANY  
LIMITED**

**BALANCE SHEET  
31 March 2005**

	NOTES	£
<b>CURRENT ASSETS:</b>		
Debtors	4	3,540
Cash at bank		35,235
		<hr/> 38,775
<b>CREDITORS:</b> Amounts falling due within one year	5	<hr/> 22,971
<b>NET CURRENT ASSETS:</b>		<hr/> 15,804
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<hr/> <hr/> 15,804
<b>RESERVES:</b>		
Profit and loss account		<hr/> 15,804
		<hr/> <hr/> 15,804

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 31 March 2005.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 March 2005 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial reporting Standards for Smaller Entities (effective June 2002).

**ON BEHALF OF THE BOARD:**

IN Newman – Director  
Approved by the Board on 21 July 2005

**SALISBURY CITY CENTRE MANAGEMENT COMPANY  
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Period 30 April 2004 to 31 March 2005**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Turnover**

Turnover comprises membership fees, licences, grants and subscriptions.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account. There were accrued contributions of £600 at the year-end.

**2. OPERATING PROFIT**

The operating profit is stated after charging

	£
Pension Costs	<u>1,688</u>

Directors' emoluments and other benefits etc

**3. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period.

**4. DEBTORS: AMOUNTS FALLING  
WITHIN ONE YEAR**

	£
Trade debtors	3,465
Other debtors	<u>75</u>
	<u>3,540</u>

**5. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	£
Trade creditors	878
Other creditors	600
Deferred income	8,502
Accrued expenses	<u>12,991</u>
	<u>22,971</u>



**SALISBURY CITY CENTRE MANAGEMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Period 30 April 2004 to 31 March 2005**

**6. STATUS**

The company is limited by guarantee and does not have a share capital. The liability of the members in the event of a winding up is limited to an amount not exceeding £1 per member. At the balance sheet date there were three members.

**SALISBURY CITY CENTRE MANAGEMENT COMPANY LIMITED**

**REPORT OF THE ACCOUNTANTS TO THE DIRECTORS OF SALISBURY  
CITY CENTRE MANAGEMENT COMPANY LIMITED**

As described on the balance sheet you are responsible for the preparation of the financial statements for the period ended 31 March 2005 set out on pages three to six and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Fawcetts  
Chartered Accountants  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

Date: 24 October 2005

**SALISBURY CITY CENTRE MANAGEMENT COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the Period 30 April 2004 to 31 March 2005**

	£	£
<b>Income:</b>		
SLA Revenue	28,215	
CRS Income	9,387	
SLA Christmas lights	9,128	
Membership	17,795	
Café Licences	1,700	
Other Christmas income	3,643	
Other projects	3,170	
Sundry income	110	
Funds from SDC	<u>27,026</u>	
		100,174
<b>Other income:</b>		
Bank interest		<u>582</u>
		100,756
<b>Expenditure:</b>		
Wages	43,121	
Employers national insurance	4,314	
Pensions	1,688	
CRS costs	9,387	
Christmas Event	2,020	
Christmas lights	8,648	
Other event expenditure	2,807	
Telephone	63	
Postage and stationery	1,969	
Advertising	206	
Staff travel and subsistence	135	
Subscriptions	489	
Sundry expenses	947	
Accountancy	1,514	
Training	275	
Legal fees	3,614	
Charitable donations	2,937	
Bank charges	15	
Car allowances	251	
Insurance	<u>552</u>	
		<u>84,952</u>
<b>NET PROFIT</b>		<u><u>£15,804</u></u>