

COUNCIL – 25 JULY 2019

RECOMMENDATIONS OF THE EXECUTIVE (30 MAY 2019)

Minute / Page No.		COMMERCIAL GOVERNANCE: CHANGES TO EXECUTIVE SUBCOMMITTEES
Executive 30 May 2019 Minute 4.		<p>The Leader of the Council, Councillor M.A. Brunt introduced the report as presented to the Executive, which included a number of changes to Executive sub-committees and associated delegations to update the Council's commercial governance arrangements.</p> <p>The Leader referred to the work of the Commercial Governance Task Group, chaired by former Councillor J.M. Ellacott, that reported its findings to the Executive in March 2019. This report had been prepared to provide the framework for the implementation of the Task Group's recommendations that had been adopted by the Executive. One of the recommendations had been to establish a new Commercial Ventures Executive Sub-Committee to monitor and take decisions upon the Council's commercial ventures, in accordance with the Commercial Governance Framework established.</p> <p>It was noted that the previous Executive sub-committees were proposed to be disbanded and their work absorbed into the new coordinated approach.</p> <p>The report also recommended associated delegations, to support the approach to investments and commercial ventures. These allowed the Council to respond to unexpected circumstances in a timely manner, and to investigate potential investment opportunities. Decisions taken using these delegations would be reported to the Sub-Committee.</p> <p>In response to Member questions the Leader confirmed that the delegations had been proposed to respond to prevailing circumstances without delay and that the key principles set out in the Governance Framework would apply including the use of the checklist. There would be clear transparency and record keeping of all decisions. It was also confirmed that the delegation levels could be reviewed in the future as required to ensure that they had been set at the right level. With that in mind the Leader indicated the importance of the Overview and Scrutiny Committee in reviewing the performance of the Council's commercial governance activities including whether the Framework's key principles were being applied as intended.</p> <p>The Leader, in response to further questions, confirmed that the delegations taken by the Director would be reported to the</p>

<p>Executive</p> <p>30 May 2019</p> <p>Minute 4.</p> <p>Cont.</p>		<p>next available meeting of the Sub Committee, which was expected to meet on a monthly basis, with additional meetings if required.</p> <p>RECOMMENDED that:</p> <p>(i). a Property and Investment Contingency Fund be established, with a value of £1.0m, funded within the £25m that has been allocated in the approved Capital Programme 2019/2024 for investment in new capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy, and that principle (vii) should be added to Article 14.3.3 of the Constitution, with the following wording:</p> <p style="padding-left: 40px;">(vii) decisions on the use of resources from the Property and Investment Contingency Fund of a value of more than £500,000 should be regarded as significant, superseding principles (i) and (iii) for such decisions.</p> <p>(ii). the Director of Finance and Organisation be authorised to approve the use of resources from the Property and Investment Contingency Fund for commercial investments in cases where this is judged to be necessary to mitigate the risk of the Council incurring significant financial or reputational costs, in consultation with the Leader, the Chair of the Commercial Ventures Executive Sub-Committee and Executive Member(s) with responsibility for investments and property matters, and that the Officer Scheme of Delegation be updated accordingly.</p> <p>(iii). the Director of Finance and Organisation be authorised to approve the use of resources from the Property and Investment Contingency Fund for other capital investments in cases where this is judged to be necessary to mitigate the risk of the Council incurring significant financial or reputational costs, in consultation with the Leader, the Chair of the Commercial Ventures Executive Sub-Committee and Executive Member(s) with responsibility for investments and property matters, and that the Officer Scheme of Delegation be updated accordingly.</p>
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<p>Executive</p> <p>30 May 2019</p> <p>Minute 4.</p> <p>Cont.</p>	<p>RESOLVED that:</p> <ul style="list-style-type: none"> (i). the Property Executive Sub-Committee be dissolved; (ii). the Health and Wellbeing Executive Sub-Committee be dissolved; (iii). the powers previously delegated to the Property Executive Sub-Committee and Health and Wellbeing Executive Sub-Committee revert to the Executive, unless otherwise specified in the following recommendations; (iv). a Commercial Ventures Executive Sub-Committee be established, with the remit and terms of reference as set out at Annex 1 to the Executive's report; (v). the shareholder function of the Council, with regard to Greensand Holdings Ltd, be delegated to the Commercial Ventures Executive Sub-Committee; (vi). the shareholder function of the Council, with regard to Pathway for Care Ltd, be delegated to the Commercial Ventures Executive Sub-Committee; (vii). the shareholder function of the Council, with regard to RBBC Ltd, be delegated to the Commercial Ventures Executive Sub-Committee; (viii). the partnership function of the Council, with regard to Horley Business Park Development LLP, be delegated to the Commercial Ventures Executive Sub-Committee; (ix). the Commercial Ventures Executive Sub-Committee be authorised to agree the incorporation and the proposal of winding up of companies, subject to relevant shareholder agreements, by the Council, to be conducted in accordance with the requirements of the Commercial Governance Framework, as set out in the terms of references of the Executive Sub-Committee; (x). the Commercial Ventures Executive Sub-Committee be authorised to agree the following arrangements as part of the establishment of companies by the Council, and in relation to companies, other commercial entities and partnerships thus established to the Council: <ul style="list-style-type: none"> • the Articles of Association for the entity
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<p>Executive</p> <p>30 May 2019</p> <p>Minute 4.</p> <p>Cont.</p>		<ul style="list-style-type: none"> • the Shareholder Agreement between the entity and the Council, including the initial Business Plan • the appointment of Directors of the company, including Non-Executive Directors • any Director Service Agreements • the appointment of a Company Secretary and Auditor. <p>(xi). the Commercial Ventures Executive Sub-Committee be authorised to undertake the shareholder function of the Council with regard to future companies established by the Council;</p> <p>(xii). the Commercial Ventures Executive Sub-Committee be authorised to agree write-off of debts owed by Companies established by the Council to the Council, in consultation with all Executive Members;</p> <p>(xiii). the Commercial Ventures Executive Sub-Committee be authorised to agree Resourcing Agreements for commercial ventures established by, and being established by, the Council to use Council staff and facilities in furtherance of their business;</p> <p>(xiv). the Commercial Ventures Executive Sub-Committee be authorised to agree all matters in relation to the following, in line with the priorities in the Council's Capital Investment Strategy:</p> <ul style="list-style-type: none"> • Loan, Grant, and Draw Down agreements with regard to commercial ventures established by, and being established by, the Council • Investment in properties • Other capital investments • Performance of investments <p>These matters to be agreed within a total limit of £25.0m for 2019/20, as allocated in the approved Capital Programme for 2019/2024 for investment in new capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy, and henceforth in subsequent financial years within limits to be set and reviewed each year during the service and financial planning process, as subject to approval by Executive and Full Council.</p> <p>(xv). the Director of Finance and Organisation be authorised to agree, in consultation with members of</p>
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<p>Executive</p> <p>30 May 2019</p> <p>Minute 4.</p> <p>Cont.</p>	<p>the Commercial Ventures Executive Sub-Committee, spending on feasibility studies of potential commercial and investment opportunities, having regard to the Commercial Governance Framework which forms appendix 1 to the terms of reference of the Executive Sub-Committee. These matters to be agreed within a total limit of £250k for 2019/20, funded within the approved 2019/20 revenue budget, and henceforth within subsequent financial years within limits to be set and reviewed each year during the service and financial planning process, as subject to approval by Executive and Full Council;</p> <p>(xvi). all decisions of the Director of Finance and Organisation making determination on the use of resources from the Property and Investment Contingency Fund shall be reported to the Commercial Ventures Executive Sub-Committee at the next meeting where it is practical to do so;</p> <p>(xvii). the Constitution be updated by the Monitoring Officer to reflect the dissolution of the Property Executive Sub-Committee and the Health and Wellbeing Executive Sub-Committee, as an administrative update; and</p> <p>(xviii). the Constitution be updated by the Monitoring Officer to reflect the establishment of the Commercial Ventures Executive Sub-Committee and its agreed terms of reference as an administrative update.</p> <p>Reason for decision:</p> <p>The establishment of a Commercial Ventures Executive Sub-Committee will support the effective and efficient administration of the Council's commercial ventures and investments, in accordance with the Commercial Governance Framework adopted by the Council, following the Executive meeting of 18 March 2019 and following the recommendations of the Commercial Governance Review Member Task Group.</p> <p>The Commercial Ventures Executive Sub-Committee will conduct all business which would previously have been conducted by the Property Executive Sub-Committee and the Health and Wellbeing Executive Sub-Committee. These Executive Sub-Committees are therefore no longer required.</p> <p>The accompanying recommendations will support the effective decision making of the Executive Sub-Committee and implementation of decisions made, by allowing for supporting actions to be taken, within clearly defined limits to be set out</p>
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