

# Public Document Pack

9 March 2018

Our Ref Cabinet Sub-Committee  
(Local Authority Trading  
Companies'  
Shareholder)/15.3.18

Your Ref.  
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To: Members of the Committee: Councillor Julian Cunningham, Councillor David Levett and Councillor Ray Shakespeare-Smith.

You are invited to attend a

## **MEETING OF THE CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES' SHAREHOLDER)**

to be held in the

**FIRST FLOOR ROOM 2, COUNCIL OFFICES, GERNON ROAD,  
LETCWORTH GARDEN CITY**

On

**THURSDAY, 15TH MARCH, 2018 AT 3.30 PM**

Yours sincerely,



David Miley  
Democratic Services Manager

## **Agenda** **Part I**

<b>Item</b>	<b>Page</b>
<b>1. ELECTION OF CHAIRMAN</b> To elect a Chairman of the Sub-Committee for the 2017/18 Civic Year.	
<b>2. NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Chairman of other business which they wish to be discussed by the Sub-Committee at the end of the business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chairman will decide whether any item(s) raised will be considered.	
<b>3. CHAIRMAN'S ANNOUNCEMENTS</b> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest which requires they leave the room under Paragraph 7.4 of the Code of Conduct, can speak on the item, but must leave the room before the debate and vote.	
<b>4. PUBLIC PARTICIPATION</b> To receive petitions, comments and questions from members of the public. At the time of producing the agenda none had been received.  Any other public participation requests received within the agreed time will be notified to Members as soon as practicable.	
<b>5. PURPOSE OF THE SUB-COMMITTEE</b> REPORT OF THE DEPUTY CHIEF EXECUTIVE	(Pages 1 - 6)
To consider the purpose of the Sub-Committee and its Terms of Reference.	
<b>6. OPTIONS FOR HOUSING INVESTMENT COMPANY</b> REPORT OF THE DEPUTY CHIEF EXECUTIVE	(Pages 7 - 16)
To consider a Part 1 report on options for the establishment of a Housing Investment Company.	

7. **EXCLUSION OF PRESS AND PUBLIC** (Pages  
To consider passing the following resolution: 17 - 18)

That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following report will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.

8. **OPTIONS FOR HOUSING INVESTMENT COMPANY** 19 - 48  
**REPORT OF THE DEPUTY CHIEF EXECUTIVE**

To consider at Part 2 report on options for the establishment of a Housing Investment Company.

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**CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES'  
SHAREHOLDER) - 15 MARCH 2018**

**\*PART 1 – PUBLIC DOCUMENT**

**AGENDA ITEM No.**

**5**

**TITLE OF REPORT: PURPOSE OF THE SUB-COMMITTEE**

REPORT OF THE DEPUTY CHIEF EXECUTIVE

EXECUTIVE MEMBER : *n/a*

COUNCIL PRIORITY : ATTRACTIVE AND THRIVING / PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

This report is to inform Members of the purpose of the sub-committee, specifically its role and function in the operation of the Council's commercial activities operated via trading companies.

**2. RECOMMENDATIONS**

2.1 That the content of this report be noted and taken into account when considering future reports to the Sub-Committee.

**3. REASONS FOR RECOMMENDATIONS**

3.1 It is important that the sub-committee understands its role in taking forward commercial activities through trading companies.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 None.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 None undertaken as not required for a report of this nature.

**6. FORWARD PLAN**

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

**7. BACKGROUND**

7.1 The Sub-Committee was established by Full Council when it considered the Constitution Review report at its meeting on 11 April 2017. Below is the relevant extract from that report, which explains the rationale for the Sub-Committee:-

**Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder)  
Section 5, new Sub-Committee & Terms of Reference:**

*As part of the Council's approach to commercialisation, it is now considered appropriate to establish a specific Cabinet Sub-Committee, with remit to act as the corporate "Shareholder" in any Local Authority Trading company (LATC) that the Council has an interest (including existing ones, such as Building Control and CCTV). This will provide specific political oversight of existing arrangements or proposed future arrangements as outlined in the Schedule. The Terms of Reference are based on national examples and incorporate key aspect of the shareholder function, whilst overall decision making on investment, financing and asset or resource transfer remains with the Cabinet. An additional Cabinet Term of Reference has been included as a new 5.6.34 to cover the agreement to establish, or wind up a LATC and decisions on investment, financing, asset and resource transfer as outlined.*

*Members will be aware that the emphasis on the shareholder role, stems, in simple terms, from the distinction (and indeed potential conflict) that can arise in a company in terms of 'management' and 'ownership' decisions. Management decisions shall, in the main, be taken by Directors (either as approved by the Board or through the company's management) and ownership decisions taken by shareholder at general meetings. Many of those distinctions are established in company legislation, or in any event through associated governance documents such as the Memorandum, Articles, Shareholder Agreement, Loan Agreements for each LATC. Members should note, therefore: that some of the decisions taken by the Sub-Committee as Shareholder are likely to require formal company approval at general meetings; and, where the LATC is owned by a number of authorities, that such decisions will not be at the sole (pre-decision) discretion of the Sub-Committee.*

**8. RELEVANT CONSIDERATIONS**

8.1 The terms of reference for the Sub-Committee are set out in section 5.11 of the Council's Constitution and are reproduced in Appendix A for ease of reference. These are considered self explanatory, but will be easier to understand in the context of specific trading company proposals and draft memorandum and articles of association. The overall spirit of the Terms of Reference is that the Sub-Committee shall consider all those matters that relate to the Council's ownership or potential ownership in wholly or partly owned local authority companies. Given that the Terms of Reference were based on examples found in other authorities, it will of course be necessary to keep these under review as the Council's involvement in such companies develops. In this regard proposals will be put to Full Council in the April 2018 Constitution Review report to amend the Terms of Reference so as to clarify the proactive approach of the Sub-Committee in considering matters relevant to local authority companies prior to the establishment of the relevant company.

8.2 As stated in section 7 above and the explanation that was provided to Full Council on 11 April 2017 there are elements of the decision making around trading companies which are not the responsibility of the Sub-Committee. Cabinet's terms of reference include the following which was added in the 2017 constitution review:-

*5.6.34 To agree to the establishment or wind up of a Council wholly or partly owned Local Authority Company, and to approve investment, loans, resource arrangements and asset transfers, act as corporate shareholder, save as otherwise delegated to the Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder), Executive Members or Officers under the Sub-Committee terms of reference.*

8.3 As stated in section 7 above there will be many decisions that are the responsibility of the directors who are appointed to manage the company. The role of the Sub-Committee is to maintain an oversight on the company and to take ownership decisions, as defined within the memorandum and articles of association establishing the company. Those areas of responsibility could in theory be different from company to company but in practice are likely to be broadly similar. Members will be fully aware of the need for a trading company to be 'light on its feet' and be able to make commercial decisions quickly (ie 'act commercially'), without local authority processes unnecessarily slowing down those decisions. Therefore it is anticipated that the emphasis will be on delegating decisions to the directors wherever it is sensible to do so.

8.4 As part of the Executive, the Sub-Committee is of course subject to the normal scrutiny rules, including call in.

## **9. LEGAL IMPLICATIONS**

9.1 None, other than those set out in the report. Specific legal implications of each trading company will vary depending upon the nature of the commercial activity and will therefore need to be considered on a case by case basis.

## **10. FINANCIAL IMPLICATIONS**

10.1 None directly relevant to this report. Specific financial implications of each trading company will vary depending upon the nature of the commercial activity and will therefore need to be considered on a case by case basis.

## **11. RISK IMPLICATIONS**

11.1 None directly relevant to this report. Specific risk implications of each trading company will vary depending upon the nature of the commercial activity and will therefore need to be considered on a case by case basis.

## **12. EQUALITIES IMPLICATIONS**

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. There are no equalities implications in this report.

## **13. SOCIAL VALUE IMPLICATIONS**

13.1 The Social Value Act and "go local" policy do not apply to this report.

## **14. HUMAN RESOURCE IMPLICATIONS**

14.1 The staff resource required to support commercial trading activity will need to be incorporated into department work plans and the business plans of the commercial activities being investigated. The senior management restructure proposals currently being consulted on include a proposal for a Service Director – Commercial role, an entirely new role created as a focus for the Council's increased appetite in commercially orientated opportunities and a lead for project governance and delivery. The role will be focussed on delivering and developing a range of commercial opportunities, although it is not intended that all of the Council's commercial activities

are the responsibility of this area, as the other service directors will also have the requirement to identify and increase income within their areas of responsibility. In all cases we will need to review the capacity and skills of staff to deliver commercial opportunity projects.

## **15. APPENDICES**

- 15.1 Appendix A – extract from Council Constitution setting out Sub-Committee terms of reference.

## **16. CONTACT OFFICERS**

- 16.1 Anthony Roche, Deputy Chief Executive  
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- 16.5 Kerry Shorrocks, Corporate Human Resources Manager  
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## **17. BACKGROUND PAPERS**

- 17.1 None.



**5.11 Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder)**

5.11.1 Membership

- (a) The Sub-Committee shall comprise three (3) Executive members nominated by the Leader. Substitutes may be permitted at the discretion of the Leader.

5.11.2 Quorum

3

5.11.3 Meetings

Ad hoc

5.10.4 Roles and Functions

- (a) To represent the Council's interests as shareholder in wholly owned and other companies.
- (b) To undertake all functions of the Council as shareholder under the Company Act, unless delegated otherwise.
- (c) To ensure that actions taken by the companies accord with the interests of the Council as shareholder and contribute to the Council's objectives.
- (d) To consider (and approve in principle where appropriate) any proposed or amended company documentation (save minor administrative documentation) including Memorandum and Articles of association and shareholder agreements.
- (e) To undertake the actions, activities and responsibilities as shareholder provided for and required by any Memorandum and Articles of Association and shareholder agreements.
- (f) To provide, or withhold, consent as appropriate (in principle, where formal company ratification is required) on those matters requiring shareholder consent as defined in the Memorandum and Articles of Association and shareholders agreements.
- (g) In the specific case of a wholly owned company to:
  - (i) review the Business Plan prepared by the Company prior to its adoption by the company.
  - (ii) monitor performance and financial delivery against business plan;

- (iii) review and agree (in principle where formal company ratification is required) any proposals to undertake activities outside of the District, unless already allowed for within Memorandum and Articles of association;
  - (iv) to agree to appoint or dismiss (in principle in so far as company ratification is required) any Director of the company (where power is reserved to the shareholder).
- (h) To make recommendations to Cabinet on the investment, loans, resource arrangements and asset transfers to companies;
- (i) Delegating specific functions, other than those listed below, to Officers of the Council to increase commercial flexibility.

<b>Delegated Powers</b>	<b>Delegated Members and Officers</b>
Approval of minor administrative documentation	Chairman of Sub-Committee in consultation with the Lead Officer for the Company concerned
Signing of documentation on behalf of the Council	Lead Officer for the Company concerned
In cases of emergency or urgency to carry out any of the Sub-Committee functions, powers or duties	Chief Finance Officer or Monitoring Officer in consultation with the Chairman of Sub-Committee where possible.

<b>CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES' SHAREHOLDER) - 15 MARCH 2018</b>
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<b>*PART 1 – PUBLIC DOCUMENT</b>	<b>AGENDA ITEM No.</b>
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	<b>6</b>
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**TITLE OF REPORT: OPTIONS FOR HOUSING INVESTMENT COMPANY**

REPORT OF THE DEPUTY CHIEF EXECUTIVE

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

**1. EXECUTIVE SUMMARY**

The budget set by Full Council on 11 February 2016 included sums in the capital programme for 2017/18 and 2018/19 to provide housing at market rates. This report sets out the investigations that have been undertaken with regard to the potential options for investing in residential property on a buy to let or development basis.

**2. RECOMMENDATIONS**

2.1 That the Sub-Committee agrees that no further work will be undertaken to investigate buy to let investment options.

2.2 That the Sub-Committee authorises further work to be undertaken to investigate potential conversion/development opportunities, subject to future consideration of the business plan for specific proposals.

2.3 That the Cabinet be recommended to:

Approve the principle of setting up a wholly owned holding company and trading company for the purposes of letting existing and future assets as residential dwellings, with the Chief Finance Officer and Executive Member for Finance and IT delegated authority to determine the detail of the structure.

**3. REASONS FOR RECOMMENDATIONS**

3.1 The outline business case has established that there is insufficient return on investment to pursue the originally conceived option of buying property on the open market within the District and then renting it out, so the recommended way forward is to explore the options for making best use of existing assets.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 The alternative options for buy to let investment are set out in the outline business case. The Council could also choose not to invest in residential property and instead explore other avenues for investing its capital, for example commercial property or leisure facilities or property funds. However it is considered that there is merit in looking

at specific buildings or sites on a site by site basis to establish whether there are opportunities for providing more housing whilst obtaining an acceptable return on investment. Those site by site considerations can include whether the Council seeks to deliver a scheme on its own, or in partnership with others.

## **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 An initial briefing with the members of the Sub-Committee took place on 20 December 2017 in order to inform Members of the issues being considered and potential options being explored.

## **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 10 November 2017.

## **7. BACKGROUND**

- 7.1 An article in Public Sector Executive magazine, October/November 2017 issue, referred to a survey of local authorities carried out by Solace which revealed one in four respondents had set up a wholly owned company and almost one in five had set up other types of joint ventures, in order to deliver housing development. A number of other respondents indicated that there were in the process of setting up a housing company or joint venture, or considering their options. The article estimated that there were in the range of 50 local authority housing companies in operation last year.
- 7.2 The budget set by Full Council on 11 February 2016 included sums in the capital programme for 2017/18 and 2018/19 of £550k and £2.3m respectively for provision of housing at market rents. The most recent budget set by Full Council on 8 February 2018 reprofiled that expenditure to £200k in 2017/18, £2.65m in 2018/19 and £150k in 2019/20.
- 7.3 At the time of the original budget allocation the Council projected a significant shortfall in its revenue budget which needed to be met by 2019/20. The model for housing investment under consideration therefore needed to be able to quickly convert capital investment into revenue income. That model was to buy existing housing within the District and let out to the private rental market. An external consultant was therefore instructed to investigate that model and develop an outline business case, based upon the assumption that the Council's revenue budget would continue to be very challenging. Whilst the outline business case was being developed the goalposts moved somewhat on the Council's financial projections for the next few years. In short the new waste contract and other savings/income opportunities improved the revenue position markedly. In light of that the Council does not need to generate income as quickly as initially envisaged and therefore is able to consider other options rather than the quick option of buying existing properties. Additionally, whilst the sums set out in 7.2 above are allocated in the capital programme the Council will need to generate capital receipts in order to deliver all of its existing (and any potential future) capital programme. An option to generate capital receipts could be housing development.

## **8. RELEVANT CONSIDERATIONS**

### **Outline Business Case**

8.1 The Outline Business Case is appended to the Part 2 report. In summary it shows that the return on investment would be marginal and less than other potential ways in which the Council could invest its capital. There are a number of reasons for this, including:-

- The cost of property in North Hertfordshire
- A mature rental market
- The cost of buying in the necessary expertise
- Small size of the likely property portfolio meaning costs are not spread/diluted

8.2 The findings of the Outline Business Case suggest that the Council should cease work on buying existing residential property on the open market for private rental and should instead focus on other housing options which could provide greater returns. Additionally the model of buying existing residential properties would not provide the community benefits of bringing new housing stock into circulation, whereas conversion/development options could provide new housing for the area.

### **Letting Existing Assets**

8.3 Although purchasing existing residential properties for renting does not provide sufficient return to be an attractive investment option, the Council currently owns property which could potentially be rented out as residential lettings to generate income. The Council owns the bungalow adjacent to Town Lodge in Gernon Road. This property is vacant and could be rented out in order to generate an income, thereby ensuring the Council is obtaining value from its asset. Alternatively the site could be redeveloped as part of any proposals for the wider Gernon Road site. The Council also owns the current Careline offices in Harkness Court, Hitchin which will be vacated later this year when Careline relocate to the District Council Offices. Options have been explored for the conversion of the building to residential flats for letting on the private rental market.

### **Establishing a Trading Company**

8.4 Where it carries out an activity that is primarily for a commercial purpose, the Council is required to do this through a trading company. In order to facilitate any future letting opportunities it is proposed that the Council sets up the relevant company structures now. Under the terms of the Council's Constitution, the setting up of a company requires a decision from Cabinet. It is proposed that a typical structure is adopted of a parent holding company with the potential for a number of separate trading companies operating in different markets. The proposed breakdown of responsibilities is attached at Appendix A. Initially the Council would set up the holding company and one trading company for letting residential property at market rent. Further work would need to be undertaken on the best mechanisms for the company to acquire the property and providing a return to the Council. This would be subject of a further report in due course.

### **Opportunities for development**

8.5 In addition to letting existing assets the Council could explore options for developing its land holdings, where appropriate, either on its own or in partnership with others. These

would need to be considered on a site by site basis and would be subject to individual business cases in due course. Any housing developed could be retained for letting through the trading company, or sold to generate a capital receipt, or a mixture of both.

- 8.6 Hertfordshire County Council, through its Herts Living Limited trading company, is entering into a joint venture with a private sector developer to deliver housing. As part of the procurement process the option for the District/Borough Councils to join the arrangement has been left open. It is understood that the successful partner will be announced in the middle of April 2018 and the Council could explore whether delivery of development through this joint venture might be an attractive proposition as part of its considerations of how to bring forward specific sites for development.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Cabinet Sub-Committee's terms of reference are concerned with the Council's actions as shareholder of local authority trading companies. It is within the spirit of the terms of reference for the Sub-Committee to consider the available options for commercial activities that necessarily would have to be undertaken via a local authority trading company. The Sub-Committee has within its terms of reference '*to represent the Council's interests as shareholder in wholly owned and other companies*' and '*to make recommendations to Cabinet on the investment, loans, resource arrangements and asset transfers to companies*'. Within this framework, it is also fitting for the Sub-Committee to make recommendations to Cabinet as to the creation of any such companies.
- 9.2 Section 1 of the Localism Act 2011 gives local authorities the power to do anything that individuals generally may do including power to do it for a commercial purpose or otherwise for a charge. This power is limited by section 4 of the Localism Act 2011 which provides that where a local authority does things for a commercial purpose pursuant to this power, the authority must do them through a company.
- 9.3 The Housing Act 1985 provides local authority tenants with a 'right to buy' in certain circumstances. Were NHDC to enter directly into a letting agreement with residential tenants then it would be at risk of the right to buy being exercised and the asset being acquired by the residential tenant. A wholly owned local authority company would not be subject to the right to buy, and this provides an additional reason why residential letting should take place via such a company.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Whilst the Council has already received some legal and financial advice on the way the company will operate, there are likely to be some further revenue costs incurred in finalising the set-up (e.g. further professional advice). These costs will be met from the revenue funding that was allocated for this purpose. Whilst there will be future revenue costs of running the company, these will be met by the company and should be covered by the income that it generates, at least in the medium term. Where the company makes use of Council resources (e.g. loan financing, staff time) then this will be charged to the company and provide an income to the Council. When the company makes a profit this will be subject to Corporation Tax.
- 10.2 The majority of the expenditure that is expected to be incurred (e.g. property renovation, refurbishment and acquisition) will be capital. There is capital budget of up to £3m allocated for this purpose. The Council is getting towards a position where it will have used up its set-aside capital receipts, which means that it will need to borrow for capital investment in the future. Therefore any use of capital to generate an income

should be assessed as though it was necessary to fund it from borrowing, which means incorporating interest and minimum revenue provision costs.

- 10.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG) have issued updated guidance on capital investments for a commercial purpose. This requires Authorities to consider the security and liquidity of any investments. In the context of a housing company this would include the extent to which the value of the investment can be secured against property, and the ease with which that property could be sold if required. For existing property, the liquidity is reasonably high. However, for property development, the liquidity could be very low (i.e. it would take a long time to sell).
- 10.4 It is also prudent for the Council to consider its investment in a housing company from a treasury management perspective. This would include the overall exposure to the housing market, given that the Council already holds a significant proportion of its cash in building society deposits. Any investment should also be compared to investment opportunities that already exist. For example, the Council could choose to invest in a property fund. Features of these funds include:
- They have similar entry and exit costs to buying and selling property (e.g. stamp duty), although they are more liquid
  - They provide a combination of income (historically they have been around 5% per year) and capital growth (or decline)
  - They are diversified across a wide range of property types and locations, which means that there would be little (or possibly no) investment in North Hertfordshire
  - They need to be held for a similar time period to property purchases (i.e. at least 5 years)

## **11. RISK IMPLICATIONS**

- 11.1 The yield from property investments is subject to market conditions and can vary over time. If the company is primarily holding the property to generate income, then the capital value will not be too relevant. Whilst the capital value of property does tend to go up over time, this is not guaranteed and over a shorter time horizon there is definitely the potential for values to fall.
- 11.2 Current legislation and guidance does not put any significant limits on Authorities investing in property, especially of the type being looked at here. However this area has received a lot of attention and there is still the potential for legislation that would limit the way that Authorities can act.
- 11.3 The specific risks of any project would be considered as part of the business case for that particular project.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. There are no equalities implications in this report.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and “go local” policy do not apply to this report. However any building works undertaken to convert existing properties or develop new housing could be subject to the “go local” policy or Social Value Act requirements, depending on the value of those contracts. This would need to be considered at the time that specific proposals come forward.

### **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 The senior management restructure proposals currently being consulted on include a proposal for a Service Director – Commercial role, which would be responsible for the housing/property development company. Once in post the Service Director will be tasked with ensuring that the capacity and skills of staff to deliver the company’s objectives are met. The potential Directors of the company would be identified from across existing staff and their appointments would be subject of approval by the Sub-Committee acting as shareholder. Those staff would be provided with the necessary training and support to fulfil their role as director.

### **15. APPENDICES**

- 15.1 Appendix A – Proposed Scheme of Delegation.

### **16. CONTACT OFFICERS**

- 16.1 Anthony Roche, Deputy Chief Executive  
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- 16.5 Kerry Shorrocks, Corporate Human Resources Manager  
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### **17. BACKGROUND PAPERS**

- 17.1 None.



APPENDIX A

PROPOSED SCHEME OF DELEGATION

	Column A	Column B	Column C	Column D	Column E
Activity	Cabinet	Cabinet Sub-Committee	Officers	PropCo Board of Directors	PropCo Management
Setting up of Company	Approval				
Permitting the registration of any person as a shareholder of PropCo		Approval		Recommendation	
Appointment of directors of PropCo		Approval	Recommendation for initial directors.	Recommendation	
Increasing the amount of PropCo's issued share capital		Approval		Recommendation	
Issuing any loan capital in PropCo or entering into any commitment with <b>the Council</b> with respect to the issue of any loan capital	Initial approval of maximum loan (£3 million)			Draw-down subject to Officer Delegated Authority decision from the Council side of the transaction	
Issuing any loan capital in PropCo or entering into any commitment with <b>another Party</b> with respect to the issue of any loan capital		Approval		Recommendation	
Passing any resolution for PropCo's winding up or presenting any petition for its administration		Approval		Recommendation	
Altering the name of PropCo		Approval		Recommendation	

Adopting or amending the Business Plan of PropCo		Approval		Recommendation	
Undertaking action in accordance with the PropCo company's Business Plan including contract expenditure of PropCo within the parameters of the Business Plan				Approval	
Taking any action outside the parameters of the Business Plans including but not limited to contract expenditure of PropCo outside the parameters of the Business Plans		Approval		Recommendation	
Changing the nature of PropCo's business or commencing any new business which is not ancillary or incidental to the PropCo company's business.		Approval		Recommendation	
Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).		Approval		Recommendation	
Amalgamating or merging with any other company or business undertaking		Approval		Recommendation	
Acquiring, disposing or agreeing to acquire or dispose of any asset, any interest in any asset (including the exercise of an option) or any other land or buildings		Approval if not set out in Business Plans		Approval if set out in Business Plans	
Making any loan or advance or giving credit (other than trade credit in the ordinary course)		Approval if not set out in Business Plans		Approval if set out in Business Plans	
Entering into any arrangement, contract or transaction outside the normal course of PropCo's Business or otherwise than on arm's length terms.		Approval		Recommendation	

Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of PropCo's Business, or materially varying any such arrangements, contracts or transactions.		Approval		Recommendation	
Declaring or paying any distribution in respect of profits, assets or reserves or in any other way reducing the reserves of PropCo.		Approval		Recommendation	
Approval of statutory accounts and appointment of auditors.		Approval		Recommendation	
Changing accounting and reporting policies.		Approval		Recommendation	
Negotiating and agreeing the terms of any material contracts.		Approval		Negotiation and recommendation	
Submission of any Planning Application (and material variation and s106 heads of terms)		Approval if outside the contemplation of the Business Plans		Approval if within the contemplation of the Business Plans	
Entering into contracts with external consultants				Approval of appointment and terms for contracts	
Appointment and dismissal of staff				Approval (subject to such delegations as determined by the Board)	
Appointment of asset valuers and approval of valuations				Approval	
Giving a guarantee, suretyship or indemnity to secure the liabilities of any person or		Approval over £500k		Approval below £500k	

assume the obligations of any person					
Write down of asset value				Approval	
Writing off debts		Approval if over £10k in aggregate		Approval if under £10k in aggregate	
Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against PropCo, except in relation to debt collection in the ordinary course of the business				Approval	
Entering into any transaction or arrangement which is not on an arm's length basis		Approval		Recommendation	
Approval to procurement of outside the provisions of the Procurement Policy		Approval if value above £50k		Approval if value below £50k and recommendation if value above £50k	
Variation of Procurement Policy		Approval		Recommendation	
Terminating any agreements which are material to PropCo's business		Approval		Recommendation	
Disposing of a substantial part of the business and/or assets of PropCo (i.e. comprising in excess of 10% of the balance sheet surplus credit figure from time to time)		Approval. Can also approve an increase to the %		Recommendation	
Entering into (or agreeing to enter into) any borrowing arrangement on behalf of PropCo and giving any security in respect of any such borrowing.		Approval if outside Business Plan		Approval if within Business Plan	

<b>CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES' SHAREHOLDER) – 15 MARCH 2018</b>
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<b>*PART 1 – PUBLIC DOCUMENT</b>	<b>AGENDA ITEM No.</b> <b>7</b>
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**TITLE OF REPORT: EXCLUSION OF PUBLIC AND PRESS**

To consider passing the following resolution:

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.

[Note: The definition of Paragraph 3 referred to above is as follows:-

- "3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)."

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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