
FUTURE ROLE OF INVESTMENT BOARD

1 PURPOSE OF REPORT

- 1.1 To agree that the Investment Board is disbanded with immediate effect.

2 INTRODUCTION

- 2.1 The Investment Board was formally constituted by Full Council on 20 October 2015. At the time of its inception, the Council was embarking on commercial ventures and the Investment Board was intended to '*facilitate the promotion and support of commercial thinking in a manner in which best quality public services are delivered.*'
- 2.2 This report proposes that the Council resolve to disband Investment Board on the basis that its existing pipeline of work has been exhausted; that there are no identified future projects which would fall within its remit and that the Council's resources will be better focused on delivery of its existing projects than creation of new ones at this time.

3 CONSTITUTIONAL POSITION

Composition and Terms of Reference

- 3.1 The Investment Board comprises 13 Members appointed proportionately to the political composition of the Council. The terms of reference for Investment Board are:
- a) To ensure that best use is made of sites and property and that opportunities for co-location and income generating activities explored; maximising both the economic and social value to the District.
 - b) To consider and, where appropriate, approve a pipeline of projects/activity, based on professional advice outlined in business cases from the Leadership Team and setting the conditions to be met in perusal of objectives.
 - c) To monitor the co-ordinated delivery of major schemes and projects to support property development and community facilities within the District; ensuring programme delivery, performance and quality.
 - d) To shape, challenge and review business cases in relation to transformation and service development that require new investment (in excess of £25,000); with a particular focus on schemes that improve quality whilst reducing cost or generating a financial return.
 - e) To act on conditions and advice given by Government, the accountable bodies where external or specific funding is being utilised and the Section 151 Officer in ensuring that investment decisions are prudent, affordable and sustainable.

- f) To share information and good practice to ensure that the optimum use is made of all public and private sector resources.
- g) To have access to sufficient administrative resources in order to carry out the Committee's duties and to be provided with appropriate and timely training in the form of an induction programme and ongoing training for new appointees.

Procedure Rules

- 3.2 The Investment Board Procedure Rules in the Constitution set out how the work programme and activities of the committee will be organised. At page 4.54 of the Constitution, it states:

“The Investment Board work programme will be focused on the themes and objectives of the Council’s Business Plan. Suggestions/ideas from Members will be considered as part of the work programme. It is essential that the work programme developed by the Investment Board is manageable, realistic and deliverable.”

One role of the Investment Board will be to scrutinise the financial elements of scheme being considered and to make investment decisions accordingly.....

Proposals can be put forward by the Investment Board to Full Council with a request for investment funding for specific projects.”

4 WORK UNDERTAKEN TO DATE

Original Mandate

- 4.1 The Investment Board first met on 7 December 2015 under the terms of reference set out in paragraph 3.1 above. At that time, the intention was that the Investment Board would oversee a work programme of projects conceived from small task and finish groups, comprising Members of the Investment Board with appropriate support from officers. These projects would map back to the then Business Plan and comprise investment projects; transformation projects; housing work projects; enabling projects; and finance projects.
- 4.2 At a meeting of Investment Board on 4 February 2016 it was resolved that the initial work programme for the Investment Board would focus on two main workstreams. The first workstream was about the Council's assets comprising of three projects:
- a) a project entitled “Major Projects Rochford” which was about the development/ redevelopment of assets owned by the Council in the town of Rochford as part of the One Public Estate Project (led locally by Essex Housing). This later became “Project Wyvern”.

- b) a review of the Council's Asset Register to identify opportunities for development of sites or, for example, to explore other options to deliver revenue streams for the Council; and
- c) a further project entitled "Major projects other – Hockley and Rayleigh" which was not fully formed at this stage although a task and finish group would be established.

The second workstream was about the development of commercial projects. This workstream comprised two projects:

- a) a crematorium for the District;
- b) and projects for the Country Park and Hockley Woods.

Progress

- 4.3 Roles were ascribed and work began on these five projects. A Programme/ Project Management Office (PMO) function was also set up. By the time of the 29 September 2016 meeting of Investment Board, three of the original five projects had progressed further as set out below:
- a) Project Wyvern (as it was by then known) was continuing with Essex Housing and intended to develop publicly owned estate into residential properties for sale by the Council via a special purpose vehicle Local Authority Trading Company (Green Gateway Trading (Development) Ltd);
 - b) The Asset Register had been reviewed and certain sites had been identified for development; and
 - c) The crematorium project was wound up following an assessment that it would not be financially viable to deliver.
- 4.4 There was no update on the other two original projects but the Investment Board was now overseeing two more projects: alternative options for the Old House, Rochford; and establishment of a Local Authority Trading Company.
- 4.5 During 2017 work on Project Wyvern continued as did the development of certain properties identified by the Asset Register Review; and the Old House project also continued. The Green Gateway group of companies was established (with Green Gateway Trading (GM) Ltd delivering the Council's grounds maintenance contract since 2016). Other projects however appear to have stalled; although the Investment Board did additionally oversee a new project related to the refurbishment/construction of new public conveniences across the district.
- 4.6 By the time of the 17 January 2018 meeting of Investment Board, the committee was seized of numerous projects at various stages of development and it was obvious that some rationalisation and prioritisation would be needed if Investment Board was to operate effectively. The role of the PMO

was refreshed and it was resolved that only those projects rated as GOLD (because they had a financial impact on the Council's medium term financial strategy) would be fully reported to Investment Board., with SILVER projects reported on a more limited basis and BRONZE projects reduced to exceptions based reporting only. At that point the projects within the remit of Investment Board were:

GOLD	Property Acquisition and Disposal
	Property Strategy
	Project Wyvern
	Asset Register Review
	Old House commercial opportunities
SILVER	Income from Open Spaces
	Establish Trading Arm Company (to deliver the income)
BRONZE	None

Gold Projects

- 4.7 On 14 March 2018, Investment Board concluded that Project Wyvern as conceived was not deliverable and a new capital assets investment strategy was required. A Member Working Group was created to formulate this strategy. On 10 July 2018, the new Asset Strategy was approved by Investment Board alongside the emerging thinking on a new Asset Delivery Programme. This new Asset Delivery Programme replaced the Property Acquisition and Disposal; Property Strategy and Project Wyvern projects.
- 4.8 From that point onwards the Asset Delivery Programme dominated the work of the Investment Board which also continued to support the project through the work of the Member Working Group.

Strategic Outline Case	September - November 2018
Outline Business Case	January 2019
Commencement of Procurement Process	April 2019
Recommendation to Council re Final Business Case and appointment of Preferred Bidder	March 2020

- 4.9 The Old House project has been successfully delivered and has been developed into a licensed venue for civil ceremonies. It continues to build its

brand amongst smaller venues along with the Rayleigh Windmill offering a unique venue for its couples.

- 4.10 The Asset Register Review project has also been substantially completed. Three sites were brought forward as having potential for development:
- a) Hambro Close – this proposed development of a two-storey building containing two flats was refused at Development Committee;
 - b) Old Ship Lane – further exploration of the development opportunity of this site has been paused pending the outcome of the Council’s car parking review.
 - c) Cagefield Road – sale of this site with planning consent for three apartments is currently ongoing.

Silver Projects

- 4.11 The two SILVER projects listed in paragraph 4.6 above were re-cast in a report to Investment Board on 17 July 2019 regarding maximising the potential of Cherry Orchard Jubilee Country Park. See further paragraph 5.8 below.

5 CURRENT BUSINESS OF INVESTMENT BOARD

- 5.1 Investment Board is, therefore, currently seized of four matters:
- a) The Asset Delivery Programme;
 - b) The Green Gateway Group of companies;
 - c) Asset Register Review; and
 - d) Maximising the potential of Cherry Orchard Country Park.

Asset Delivery Programme (“ADP”)

- 5.2 The Investment Board has had oversight of the ADP since its inception and has been the primary reporting body throughout the procurement process. However, following the approval by Council on 8 September 2020 to enter into legal contracts with the Preferred Bidder, the Investment Board has no further business to transact in relation to the ADP.
- 5.3 Looking at its Terms of Reference, particularly the point set out at paragraph 3.1.c above, the Investment Board has a prima facie mandate to monitor the delivery of the ADP to ensure programme delivery, performance and quality. However, the project governance of the ADP is set out in the legal contracts for the project and these provide the focused and specific oversight and assurance role for the project. These are:

- a) The Partnership Board - this is the primary forum for overseeing the delivery of the Programme including risks, reporting and escalation of issues arising. The Partnership Board is a contractual body comprised of representatives from the Council and the Developer on a 50:50 basis. (There is a dispute resolution process if required). The Membership for the Council will consist of three Officers representing the Council and the Leader of the Council for observation purposes.
- b) The cross-party Partnership Panel - this is an outside body as per the Council's Constitution and is comprised of 7 elected Members of the Council on a pro rata basis. The Chairman is Cllr Steptoe. The purpose of the Partnership Panel is to provide input and feedback directly to the Partnership Board from elected Members of the Council to support the delivery of the Programme. As an outside body, the Partnership Panel will report directly to Full Council.

- 5.4 On this basis, it is suggested that to also report into Investment Board duplicates officer and Member effort and dilutes the impact of Investment Board, when the primary forum for Member involvement is the Partnership Panel. Accordingly, it is proposed that Investment Board has no further remit in the delivery of the ADP

Green Gateway Group of Companies

- 5.5 In 2016, the Council established a group of Local Authority Trading Companies ("LATCOs").
- a) Green Gateway Trading Ltd (the parent company);
 - b) Green Gateway Trading (Development) Ltd (a wholly owned subsidiary which does not trade); and
 - c) Green Gateway Trading (GM) Ltd (a wholly owned subsidiary which trades pursuant to Regulation 12 of the Public Contracts Regulations 2015. This is the company which delivers the Council's grounds maintenance contract.

The Council is the 100% shareholder of these companies and Investment Board has historically been the reporting forum for shareholder decisions. However, this role is not within its terms of reference and the Monitoring Officer is reviewing the governance and reporting arrangements which should, in future, revert to Full Council and specific officer delegations. It is suggested, therefore, that GGT should no longer report to Investment Board.

Asset Register Review

- 5.6 The review of the Asset Register resulted in the identification of the three sites described in paragraph 4.10 above as having potential for development. Although there are other sites within the Asset Register which might be considered to have potential, the review identified that these were not without

significant impediments to development, e.g. title issues, access issues and other local restrictions. Further investigation as to the commercial viability of these other sites was, therefore, been postponed as the focus was on delivery of the Asset Delivery Programme. In accordance with the Asset Strategy, surplus sites on the Asset Register would in the normal course of things fall to be disposed of but there is no definitive timetable/plan for this at this time.

Maximising the Potential of Cherry Orchard Jubilee Country Park

- 5.7 On 17 July 2019 Investment Board resolved to set up a Member Working Group to develop a new strategy and action plan for the future development of Cherry Orchard Jubilee Country Park.
- 5.8 Investment Board considered a report based on the workings of the Member Working Group on 15 October 2020 and resolved to adopt the master plan which had been proposed and that the Member Working Group seeks to explore and identify opportunities that can deliver against the actions set out within the master plan.
- 5.9 The master plan provides a concept template against which the appropriateness of funding opportunities can be considered, ensuring that as funding and improvement opportunities arise, they are consistent with the brand and sense of place that the master plan has identified. Any concepts for future improvements and enhancements to the park will need to be fully developed and costed and agreed in line with the Council's financial regulations before they are pursued.
- 5.10 It follows, therefore, that any actions identified by the Member Working Group must be subject to a robust business case. Accordingly, the work of the Member Working Group can report equally into the Executive, which is responsible for the Council's budget. There is no need to maintain Investment Board to separately perform this function.

6 FUTURE WORK PROGRAMME

- 6.1 Aside from any business cases brought forward in respect of Cherry Orchard Jubilee Country Park there are no further projects currently within the scope of Investment Board.
- 6.2 The Council is committed to seeing the Asset Delivery Programme and Connect Programme through to their conclusion, in addition to continued delivery of core services and responding to the COVID 19 pandemic. However, as the Council is not proposing to pursue a strategy of new commercial investments in future, time spent bringing forward speculative new schemes is potentially an inefficient use of Council resources given that there is limited officer capacity or funding to resource significant new projects in the medium-term. If there is a clear and demonstrable need for investment in particular projects in future, this can be agreed through Executive/Full

Council as appropriate, with Full Council responsible for agreeing the Council's Capital and Treasury Management Strategy each year.

7 RISK IMPLICATIONS

- 7.1 There may be a perception that removal of one of the Council's Committees is a dilution of the democratic process. This risk is, however, mitigated by virtue of the ability of Review Committee to call in decisions of the Executive under paragraph 15, page 4.60 of the Council's Constitution. In addition, the oversight of the Asset Delivery Programme is being undertaken by a cross-party body specifically set up for that purpose, the Chair of which is the incumbent Chair of Investment Board.

8 RESOURCE IMPLICATIONS

- 8.1 Disbanding this Committee will generate a saving of £3,000 per annum from the Committee Chairman's and Vice-Chairman's allocation within the Members' Allowances budget.

9 LEGAL IMPLICATIONS

- 9.1 The Investment Board does not have any decision-making powers under legislation for the functions of the Council. Any decisions regarding the above projects will be a matter for the Executive or Full Council under the Local Authorities (Functions and Responsibilities) (England) Regulations.
- 9.2 There are no legal implications resulting from disbanding the Investment Board and as referred to above, the terms of reference and reasons for the inception of the Committee have been achieved.
- 9.3 The Council's Constitution will need to be amended to reflect the decision with the following deletions:
- a) Article 10 – The Investment Board;
 - b) Investment Board Procedure Rules under Part 4; and
 - c) All other references to the Investment Board in the Constitution.

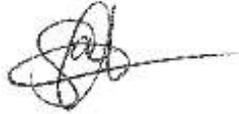
10 EQUALITY AND DIVERSITY IMPLICATIONS

- 10.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act.

11 RECOMMENDATION

- 11.1 It is proposed that Council **RESOLVES:**
- (1) That the Investment Board be disbanded with immediate effect.

- (2) That the Monitoring Officer shall make the necessary amendments to the Council's Constitution and delete all references to the Investment Board.



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Background Papers:-

None.

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