

# Minutes



To: All Members of the Resources,  
Property & The Economy  
Cabinet Panel, Chief  
Executive, Chief Officers, All  
officers named for 'actions'

From: Legal, Democratic & Statutory Services  
Ask for: Stephanie Tarrant  
Ext: 25481

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## RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL 15 MARCH 2018

### ATTENDANCE

#### MEMBERS OF THE PANEL

M Bright (Vice-Chairman), F Button, H K Crofton, R C Deering (substituted for C M Hayward), B A Gibson (substituted for S B A F H Giles-Medhurst), P V Mason, A J S Mitchell, R H Smith, S J Taylor, A S B Walkington, J D Williams (Chairman), P M Zukowskyj

#### OTHER MEMBERS IN ATTENDANCE

S K Jarvis

Upon consideration of the agenda for the Resources, Property and the Economy Cabinet Panel meeting on 15 March 2018 as circulated, copy annexed, conclusions were reached and are recorded below:

*Note: A conflict of interest was declared by J D Williams and is recorded at item 4.*

#### PART I ('OPEN') BUSINESS

##### 1. MINUTES

- 1.1 The Minutes (Part I and Part II) of the last meeting held on 14 February 2018 were agreed.

##### 2. PUBLIC PETITIONS

- 2.1 There were no public petitions.

##### 3. HORIZONS MAGAZINE AND EXTERNAL CHANNEL STRATEGY [Officer Contact: Andrew Hadfield, Head of Communications, Tel: 01992 556446]

- 3.1 Members received a report which detailed the planned phased reduction in the number of issues of Horizons magazine each year and improvements to the wider external channel strategy.

#### ACTION

- 3.2 The Panel acknowledged the County Council's shift in approach to external communications and the increased use of interaction through digital channels. The Hertfordshire County Council Twitter feed had to date 94,000 followers and there were 77,000 people signed up to the 'Update Me' newsletter.
- 3.3 Market research and Focus Groups had been used to consider the impact on residents of reducing the number of published Horizons magazines with a summary of the findings noted at section 5 of the report. Members noted that significant savings would be made from reducing the publications to one magazine a year.
- 3.4 It was noted that alternative methods for delivering communications were being considered e.g. the use of local district publications/newspapers, libraries and bus shelters.
- 3.5 Members discussed the need to continue to provide residents with a list of useful contact details and it was noted that work was underway with borough/district councils to determine how this information could best be distributed. Calendars or other materials suitable for being retained under fridge magnets were suggested as potentially useful tools for providing information.
- 3.6 In response to a Member question, it was noted that the single annual publication was likely to be produced each March to tie in with annual budget setting. The March 2018 issue of Horizons would be followed by a September/October 2018 edition, with a move to a single annual edition from March 2019.
- 3.7 The Panel discussed the need to ensure communications were still shared with those residents that may not use digital technology e.g. or those without access to the required IT equipment.

### **Conclusion**

- 3.8 The Cabinet Panel:
- a) noted the phased reduction of Horizons magazine and gradually decrease the number of editions (from the current three) to two in 2018/19 and single annual printed publication by 2019/20;
  - b) noted the wider external channel improvements and extra short-term measures;
  - c) noted the implementation of the next steps and timescales.

**CHAIRMAN'S  
INITIALS**

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**4. HERTFORDSHIRE COUNTY COUNCIL'S MEMBERSHIP OF THE LOCAL GOVERNMENT ASSOCIATION**

[Officer Contact: Alex James, Head of Corporate Policy, Tel 01992 588259]

- 4.1 A conflict of interest was declared by J D Williams as a Member of the LGA Resources Board. This item of business was chaired by the Vice-Chairman. A personal interest was declared by M Bright and S J Taylor as Members of the LGA, however it was not considered necessary for these Members to refrain from participation in the discussion.
- 4.2 The Panel considered a report which detailed the proposed changes to Hertfordshire County Council's relationship with the Local Government Association (LGA).
- 4.3 Members noted that in July 2017 the LGA agreed to become incorporated in the form of a 'private unlimited company', which would enable the LGA to become more financially sustainable. It was not expected that there would be any change to the way in which the County Council receives services from the LGA. Members noted that if all LGA Members signed up to the new status then the unincorporated LGA would dissolve in Summer 2018.
- 4.4 Members discussed the changes being made by the LGA and noted that there were not any major changes required to the County Council's subscription.
- 4.5 The Panel discussed the positive role of the LGA and the powerful opportunities it provided for a large number of Councils to work together.

**Conclusion**

- 4.6 The Cabinet Panel noted that:
  - the Director of Resources, in accordance with the County Council's Constitution, had delegated authority to sign the relevant application form for Hertfordshire County Council to be admitted as a member authority of the LGA's private unlimited company.
  - the Director of Resources' decision to sign will be subject to financial due diligence by the County Council's finance team on the LGA's proposed structure of a private unlimited company and in consultation with the Leader of the Council (in line with his responsibilities for the Resources, Property and the Economy portfolio).

**CHAIRMAN'S INITIALS**

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**5. TO CONSIDER THE ACQUISITION OF LAND TO THE SOUTH OF BYGRAVE ROAD, BALDOCK**

[Officer Contact: Mike Evans, Head of Estates and Asset Management, Tel: 01992 555 634]

- 5.1 Members considered a report which detailed the proposal to acquire land to the south of Bygrave Road, Baldock.
- 5.2 The Panel acknowledged that the land would be useful in the delivery of the emerging urban expansion North of Baldock and acquisition of the land would aid the delivery of viable access routes adjacent to the local railway line.
- 5.3 In response to a Member question on the area of the land being considered for purchase, it was advised that the land was 0.3 hectares (0.7 of a acre).
- 5.4 Members discussed the challenges of ensuring that access to the site going forward was satisfactory for movement between the site and the rest of Baldock.
- 5.5 Officers clarified that the planning application could be modified to accommodate the additional land.

**PART II ('CLOSED') AGENDA  
EXCLUSION OF PRESS AND PUBLIC**

- 5.6 The Panel agreed to move into Part II ('closed' session').
- 5.7 That under Section 100(A)(4) of the Local Government Act 1972, the press and public 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 to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 5.8 Following discussion on the Part II Report, the Panel moved back into Part I (open session) and agreed the recommendations.

**Conclusion**

- 5.9 The Resources, Property and the Economy Cabinet Panel recommended to Cabinet that Cabinet:

i) authorises acquisition of the freehold interest in the Land to the south of Bygrave Road, Baldock, as is shown on the attached Title Plan HD349670 at Appendix A;

**CHAIRMAN'S  
INITIALS**

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ii) delegates to the Director of Resources authority to agree the terms of the acquisition, in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio); and

iii) authorises capital funding for the acquisition and subsequent overage from the Invest to Transform Capital Spend to Achieve reserve.

## **6. APPOINTMENT OF JOINT VENTURE PROPERTY DEVELOPMENT PARTNER**

[Officer Contact: Mike Evans, Head of Estates and Asset Management, Tel: 01992 555 634]

- 6.1 Members considered a report which provided an update on the outcome of the final stage of the Competitive Dialogue relating to the procurement of a joint venture property development partner. A revised appendix 4 was tabled and can be viewed here: [Revised Appendix 4](#)<sup>1</sup>.
- 6.2 Members noted the report set out the formal financial and legal mechanisms proposed for the joint venture. The Delegation Matrix attached at appendix 2 of the report was acknowledged and it was advised that the Matrix would evolve once in practice and that the County Council had power to make amendments to it as required, by utilising the governance mechanisms set out in the papers. Members acknowledged the delegations sought in the recommendations to reach contract sign off.
- 6.3 It was clarified that risks discussed at previous Panels due to legal action taken against Haringey Council had been fully considered, with external legal advice provided alongside oversight from the Chief Legal Officer to ensure s123 requirements of the Local Government Finance Act were satisfied. Members were assured that counsel had reviewed the documents and had given a strong view that the proposals were compliant. Members were given examples of the minor changes provided which had refined the wording of the documents rather than proposing fundamental changes.
- 6.4 Members noted that a change was required to the County Council's Investment Strategy as detailed in the revised Appendix 4. Panel were asked to recommend this change to Cabinet so that the change could be considered by full Council on 27 March 2018. It was noted the revision to appendix 4 had been made to ensure it provided sufficient detail to make it a standalone document. Members were

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<sup>1</sup>

<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/814/Committee/104/SelectedTab/Documents/Default.aspx>

**CHAIRMAN'S  
INITIALS**

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informed that land transfers could not take place until the revised Investment Strategy was agreed by Council.

- 6.5 The Panel noted paragraph 6.5 of the report which detailed the three routes for the transfer of land to Herts Living Limited and that each was s123 compliant. It was clarified that all three routes provided the same ultimate outcome financially and that the most appropriate route would be used for each site.
- 6.6 In response to a Member question in relation to risks, Members were assured that whilst risks could not be guaranteed e.g. if there was a significant change in the housing market, overall the procurement process had delivered competitive financial outcomes. Members were informed that market testing had taken place on one site which confirmed that the price included in the bid from the preferred joint venture partner on the site was comparable to the best bid received if the site was sold alone. Officers gave assurance that they were satisfied that the appropriate routes had been taken to mitigate risks. In addition it was noted that the Herts Living Limited Business Plan would require approval by Cabinet and therefore Members would be able to see further detail on expected proceeds and risks alongside the management process. Members discussed the use of a risk register and it was advised that additional risks would be detailed in the Herts Living Ltd Business Plan.
- 6.7 Members queried if there were any conflicts of interest for the County Council in terms of other investments e.g. Pensions Fund. It was confirmed that the Pensions Fund was held by Fund Managers who made the investment decisions and therefore the County Council was one step removed and did not influence specific investment decisions.
- 6.8 In response to a Member question in relation to the new rules on prudential borrowing, it was clarified that officers were satisfied that the new rules would not impact on the proposed arrangements with Herts Living. The council's external treasury advisers had reviewed the process and had advised that they were appropriate.
- 6.9 Members noted that community consultation had not been included in the report and it was advised that specific details for each site would be built into the joint venture development plan.
- 6.10 The Member Advisory Group was discussed and it was noted that this would be a cross party group with nominations to be made from each Group.
- 6.11 In response to a Member question around how the proposed Delegation Matrix would work in practice, officers explained the cascade such that if Herts Living Directors did not have authority to

**CHAIRMAN'S  
INITIALS**

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make decisions as set out in the matrix, they would be referred for decision by the Council's shareholder representative, including input from the Member Advisory Group as required, per the thresholds set out in the delegation matrix. In addition it was clarified that the Council as a Shareholder (as used in the title of column three) was in terms of where the decision was being made to be consistent with the constitution. The Matrix would delegate decisions to the Director of Resources as the Shareholder Representative; however it remained possible for the Shareholder Representative to refer decisions to Cabinet should that be considered necessary.

6.12 Members discussed the forms of asset transfer and lease as detailed on page 14 of the report. It was clarified that whilst the joint venture was to be a long-term partnership there was flexibility going forward to develop sites outside the joint venture if deemed appropriate. Members were advised that in terms of transfer, it was unlikely that values would increase in the period between the agreement to develop a site and the sign off. With regards to overage, Members heard that for the initial 12 sites, the County Council would take an element of the capital with the remainder staying with the preferred bidder, which would create equal risk and reward.

6.13 Members commented that Herts Living Ltd needed to work as a commercial enterprise and avoid unnecessary process or bureaucracy, with responsibility for day to day operation of the company to be given to Officers. In addition it was noted that social aspects needed to be built into the venture to also ensure local social benefits. Members heard that work within the joint venture would look to optimise the value of each asset including social and commercial considerations.

**PART II ('CLOSED') AGENDA  
EXCLUSION OF PRESS AND PUBLIC**

6.14 The Panel agreed to move into Part II ('closed' session').

6.15 That under Section 100(A)(4) of the Local Government Act 1972, the press and public 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 to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6.16 Following discussion on the Part II Report, the Panel moved back into Part I (open session) and agreed the recommendations.

**CHAIRMAN'S  
INITIALS**

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## Conclusion

- 6.17 The Resources, Property & the Economy Cabinet panel recommended to Cabinet that Cabinet:
- i. authorises the award of contract to DevCo as a wholly owned subsidiary company of the Preferred Bidder subject to a Parent Company Guarantee from the Preferred Bidder, in accordance with the procurement process, that leads to the formalisation of the partnership between Herts Living Limited and the Preferred Bidder, subject to the award of the contract not occurring until full Council has agreed the recommendation referred to in xi below.
  - ii. approves the delegation matrix for Herts Living Limited, as set out in Appendix 2, and notes that any changes to the Delegations Matrix will be in accordance with the delegations set out within that document.
  - iii. approves the amended Articles of Association for Herts Living Limited, as set out in Appendix 3.
  - iv. approves the County Council entering into the Initial Sites Option Agreement between the County Council, Herts Living Limited and the Joint Venture LLP (as detailed in section 12 of this report) the terms of such documents to be agreed by the Director of Resources, in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio).
  - v. authorises the Director of Resources, in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio) to finalise all arrangements, to make any other decisions as are necessary and agree other documents (including the Parent Company Guarantee from the Preferred Bidder) necessary for the County Council to conclude the arrangements in the Recommendation 3.1.1.i
  - vi. confirms that the Director of Resources has authority to act as the shareholder representative for the County Council regarding Herts Living Limited, and has authority to authorise the Directors of Herts Living Limited to enter into a contract and create the Joint Venture partnership with DevCo as a wholly owned subsidiary company of the Preferred Bidder, including all the required legal documents and such other documents required to enable the setting up of the Joint Venture partnership (as detailed in section 12 of this report).
  - vii. delegates to the Director of Resources in consultation with the

**CHAIRMAN'S  
INITIALS**

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Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio), as representative shareholder for County Council authority to formalise the composition and structure of the HLL Member Advisory Group.

- viii. notes the proposed corporate structure of the Joint Venture Partnership and the routes (set out in section 6 of this report) of how the County Council will transfer land for development to Herts Living Limited or the Joint Venture Partnership, and delegates to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio), authority to implement the corporate structure of the Joint Venture Partnership and to utilise the routes for investment and the transfer of land for development to Herts Living Limited or the Joint Venture Partnership, (subject to such land being determined as surplus to requirements in accordance with the County Councils Constitution and identified by the County Council as available to Herts Living Limited or the Joint Venture Partnership).
- ix. notes that the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio), will develop with the Managing Director of Herts Living Limited the required Business Plan for Herts Living Limited, which will be presented to Cabinet at a later date to agree the terms.
- x. delegates to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio), authority to agree and provide a loan to Herts Living Limited in the sum of £325,000, on terms that are acceptable to the Director of Resources in consultation with the Chief Legal Officer with regards the legal documentation required.
- xi. recommends that full Council approve a limit of £50m for non-treasury investments to cover the arrangements required in accordance with the routes for investment and land transfer (set out in section 6), as required by Ministry of Housing Communities & Local Government statutory guidelines and to be included in a revised Investment or Treasury Management Strategy.
- xii. delegates (subject to full Council agreeing to recommendation xi) authority to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Performance & the Economy portfolio), to agree and provide loans to Herts Living Limited to fund the purchase of equity in the Joint Venture on terms that are acceptable to the Director of Resources

**CHAIRMAN'S  
INITIALS**

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in consultation with the Chief Legal Officer with regards to the legal documentation required.

**7. OTHER URGENT PART I BUSINESS**

7.1 There was no other urgent Part I business.

**PART II ('CLOSED') AGENDA**

**1. TO CONSIDER THE ACQUISITION OF LAND TO THE SOUTH OF BYGRAVE ROAD, BALDOCK**

**Conclusion**

1.1 The recommendations on this item of business are recorded at 5.9 above.

**2. APPOINTMENT OF JOINT VENTURE PROPERTY DEVELOPMENT PARTNER**

**Conclusion**

2.1 The recommendations on this item of business are recorded at 6.17 above and in the separate Part II minutes.

**KATHRYN PETTITT  
CHIEF LEGAL OFFICER**

**CHAIRMAN** \_\_\_\_\_

**CHAIRMAN'S  
INITIALS**

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