

Agenda



AGENDA for a meeting of the RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL in COMMITTEE ROOM B at County Hall, Hertford on THURSDAY, 15 MARCH 2018 at 10:00AM

MEMBERS OF THE PANEL (12) (Quorum 3)

M Bright (Vice-Chairman), F Button, H K Crofton, R C Deering (substituting for C M Hayward, 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

Meetings of the Cabinet Panel are open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items are taken at the end of the public part of the meeting and are listed under "Part II ('closed') agenda".

Committee Room B is fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

Members are reminded that all equalities implications and equalities impact assessments undertaken in relation to any matter on this agenda must be rigorously considered prior to any decision being reached on that matter.

Members are reminded that:

- (1) if they consider that they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting they must declare that interest and must not participate in or vote on that matter unless a dispensation has been granted by the Standards Committee;**
- (2) if they consider that they have a Declarable Interest (as defined in paragraph 5.3 of the Code of Conduct for Members) in any matter to be considered at the meeting they must declare the existence and nature of that interest. If a member has a Declarable Interest they should consider whether they should participate in consideration of the matter and vote on it.**

PART I (PUBLIC) AGENDA

1. MINUTES

To agree the minutes (Part I and Part II) of the Resources, Property and the Economy Cabinet Panel held on 14 February 2018. (*Part II Minutes to follow*)

2. PUBLIC PETITIONS

The opportunity for any member of the public, being resident in Hertfordshire, to present a petition relating to a matter with which the Council is concerned, which is relevant to the remit of this Cabinet Panel and which contains signatories who are either resident in or who work in Hertfordshire.

Members of the public who are considering raising an issue of concern via a petition are advised to contact their [local member of the Council](#). The Council's criterion and arrangements for the receipt of petitions are set out in [Annex 22 - Petitions Scheme](#) of the Constitution.

If you have any queries about the petitions procedure for this meeting please contact Stephanie Tarrant, Democratic Services Officer, by telephone on (01992) 555481 or email stephanie.tarrant@hertfordshire.gov.uk.

At the time of the publication of this agenda no notices of petitions have been received.

If you have any queries about the procedure please contact Stephanie Tarrant, Democratic Services Officer, by telephone on (01992) 555481 or email stephanie.tarrant@hertfordshire.gov.uk.

3. HORIZONS MAGAZINE AND EXTERNAL CHANNEL STRATEGY

Report of the Director of Resources

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

Report of the Director of Resources

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

Report of the Director of Resources

6 APPOINTMENT OF JOINT VENTURE PROPERTY DEVELOPMENT PARTNER - (Report to follow)

Report of the Director of Resources

7. OTHER PART I BUSINESS

Such Part I (public) business which, if the Chairman agrees, is of sufficient urgency to warrant consideration.

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

This agenda includes Part II business. The Chairman will move:-

“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/s of business on the grounds that it/they involve/s 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.”

- 1. TO CONSIDER THE ACQUISITION OF LAND TO THE SOUTH OF BYGRAVE ROAD, BALDOCK - (Report to follow)**

Report of the Director of Resources

- 2. APPOINTMENT OF JOINT VENTURE PROPERTY DEVELOPMENT PARTNER - (Report to follow)**

Report of the Director of Resources

If you require further information about this agenda please contact Stephanie Tarrant, Democratic Services, on telephone no (01992) 555481 number or email stephanie.tarrant@hertfordshire.gov.uk.

Agenda documents are also available on the internet at:
<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings.aspx>.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

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

RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL 14 FEBRUARY 2018

ATTENDANCE

MEMBERS OF THE PANEL

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

OTHER MEMBERS IN ATTENDANCE

D A Ashley

Upon consideration of the agenda for the Resources, Property and the Economy Cabinet Panel meeting on 14 February 2018 as circulated, copy annexed, conclusions were reached and are recorded below:

Note: No conflicts of interest were declared by any member of the Cabinet Panel in relation to the matters on which conclusions were reached at this meeting.

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 The Minutes (Part I and Part II) of the last meeting held on 15 December 2017 were agreed.
- 1.2 An action from the last meeting saw a Member from each group have the opportunity to shadow the LEP Skills and Employment Board. Members were given an overview of the experience.
- 1.3 Steve Faber was introduced to the Panel as the newly appointed Managing Director of Herts Living Ltd.

2. PUBLIC PETITIONS

- 2.1 There were no public petitions.

ACTION

3. INTEGRATED PLAN 2018/19 – 2021/22 (RESOURCES, PROPERTY & THE ECONOMY)

3.1 The Panel received the County Council’s draft Integrated Plan (IP) for 2018/19 – 2021/22 and was invited to comment to Cabinet on its content and proposals, including the areas which related specifically to the Resources, Property and the Economy portfolio. Prior to the meeting Members had received and considered the following documents: (i) a report containing the headline outcomes of public engagement and consultation in relation to the Plan; (ii) the Integrated Plan, including a report on those areas specifically related to Resources, Property and the Economy functions; (iii) comments from service Cabinet Panels, where those aspects of the Plan relating to individual services had been considered and discussed; (iv) comments from the Overview and Scrutiny Committee, following scrutiny of the Plan on 24 January 2018, where evidence was gathered, and on 1 February 2018 when it agreed its comments and suggestions for Cabinet’s consideration.

(i) Public Engagement and Consultation

3.2 Members noted the Public Consultation Document, which outlined the results of the public engagement and consultation regarding the Council’s budget and spending priorities for 2018/19 and beyond.

(ii) Integrated Plan 2018/19 – 2021/22

3.3 Members considered the reports published in relation to the Integrated Plan and noted the depth of discussions previously undertaken as part of the Overview and Scrutiny process.

3.4 Members acknowledged the portfolio error as detailed at 4.3 of the Resources, Property and the Economy Integrated Plan report, where it recognised that the Libraries savings was to be included in the Education, Libraries and Localism portfolio.

3.5 Key areas for the portfolio were noted and work force planning and the future of digital were discussed. It was noted that the digital strategy had been sent to all Members and was to be followed up with a seminar on the work that was being progressed around digital.

3.6 It was noted that the latest funding position, and proposals for how the additional funds were proposed for incorporation in the revised Integrated Plan had been included in the report to Cabinet (19 February 2018) and circulated via email to Resources Panel Members. The report to Cabinet could be viewed using the following

link: [Cabinet Agenda – 19 February 2018](#)¹.

3.7 Members expressed concerns in relation to recruitment and retention of staff, especially in adult social care and discussed the resources available to mitigate risks. It was advised that Officers recognised the risks and that the Adult Social Care Precept and the additional £2.584 million funding made available by the Secretary of State would be used to help stabilise the care market. It was also noted that the Audit Committee had selected risks around staffing, recruitment and retention as the subject for their next risk focus review and that a report from the Assistant Director for Human Resources would be produced for the Audit Committee in March 2018. In response to a Member question it was confirmed that this would cover issues affecting both council staff and external contractors.

**(iii) INTEGRATED PLANNING PROCESS 2018/19 - 2021/22:
COMMENTS FROM SERVICE CABINET PANELS**

3.8 The Cabinet Panel considered a report which outlined comments from each of the service Cabinet Panels.

**(iv) SCRUTINY OF THE INTEGRATED PLAN PROPOSALS 2018/19 –
2021/22**

3.9 Members acknowledged a report from the Overview and Scrutiny Committee which detailed the evidence gathered by the eight portfolio groups with recommendations to Cabinet on the draft Integrated Plan.

3.10 Members commented on the first recommendation in the scrutiny report around contracts and risks and noted that lessons could be learnt from other authorities' experiences and that communities should be engaged more, especially with regards to regeneration programmes. In addition, it was noted that the recommendation was made up of three strong points, each of which should be considered fully.

3.11 In relation to the second recommendation it was noted that collaborative working with district and borough councils around infrastructure had begun and was to continue with cooperation on delivery. It was noted that Officers, alongside the LEP, were reviewing a growth bid from Oxfordshire County Council to Central Government to determine if Hertfordshire could secure further funding for infrastructure development.

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<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/658/Committee/8/SelectedTab/Documents/Default.aspx>

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- 3.12 Members noted that the examples given in the second recommendation should be considered more widely e.g. with a highways structure that could accommodate the growth agenda and technology advances.

Conclusion

- 3.13 The Panel provided comment to Cabinet on the proposals relating to the Integrated Plan in respect of the Resources, Property and the Economy Portfolio. The Panel also identified issues that it felt Cabinet should consider in finalising the Integrated Plan proposals. These are outlined in the preceding text.
- 3.14 It was noted that P Zukowskyj, A S B Walkington, S K Jarvis and S Taylor abstained from the vote on the recommendations set out in the paper.

4. RESOURCES MONITOR – QUARTER 3 (OCTOBER – DECEMBER 2017)

[Officer Contact: Stuart Bannerman Campbell, Assistant Director Improvement and Technology, Tel: 01992 588397 / Ben Negus, Business Support Officer – Resources, Tel: 01992 556012]

- 4.1 Members received an overview of the performance of the Resources service over the period October - December 2017, which included details of key performance within Human Resources (HR), Finance, Assurance, Property, Improvement & Technology, Legal, Democratic and Statutory Services, Hertfordshire Business Service (HBS), Community Engagement and Service-wide Resources Indicators. The summary of performance could be viewed on page 2 of the report Q4 Resources Monitor².
- 4.2 Members commented on the fraud indicator, as detailed on page 8 of the report and discussed the possibility of risk assessments to lessen the opportunities for fraud. Members acknowledged that the performance target was unlikely to be reached for fraud; however Nick Jennings, Counter Fraud Manager, was working alongside District Councils to manage cases across the county and undertake preventative work. In response to a Member's question, it was advised that the Key Performance Indicator for fraud could be reviewed to determine if there were other specific targets available to demonstrate successes within the area.
- 4.3 The Panel discussed the Hertfordshire Business Services (HBS) income target and it was advised that as a result of the decision to

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move network printing arrangements to a cost recovery basis, to avoid the risk of recording notional surpluses generated from internal business, the HBS income target for 2017/18 may have been set too high. It was advised that work was being undertaken with the HBS management team on an Invest to Transform proposal intended to support targeted investment in HBS to help maintain its competitiveness and secure continued strong operational performance.

- 4.4 Members commented on the maximisation of the apprenticeship levy and it was advised that the levy was a charge calculated according to overall pay roll costs that created a digital account, in effect a source of funds available to be used for training and development of new apprentices. It was noted that there were challenges to optimising the use of the apprenticeship levy as there were still significant areas of council work, including adult social care, where government accredited training programmes were not yet available for apprentices. The County Council was therefore targeting early use of available funds on those areas where accredited training was available.
- 4.5 In response to a Member question, it was clarified that the Key Performance Indicators covered within the report were under regular review, with any challenges or suggestions from Members on new/revised indicators being considered. It was noted that IT systems availability was now being formally reported on.

Conclusion

- 4.6 The Panel:
- Commented on the performance, projects, and audit matters outlined within the report, as detailed above.
 - Suggested further actions to address any performance concerns raised in the report or covered in the detailed electronic monitor, as detailed above.

5. HERTFORDSHIRE COUNTY COUNCIL FINANCE REPORT – QUARTER 3, 2017/18
[Officer Contact: Steven Pilsworth, Assistant Director of Finance
Tel: 01992 555737]

- 5.1 The Panel considered the Quarter 3 (October – December 2017) Finance Monitor report, which summarised the 2017/18 outturn position against revenue and capital budgets, and performance against key indicators for treasury and debt management. A summary is set out below; the full report can be viewed here: [Q4](#),

Finance Report³.

- 5.2 Revenue Monitor: An improvement was noted with the projected revenue outturn at 31 December 2017 after proposed carry forwards being an underspend of £3.906 million.
- 5.3 It was also noted that there was an improved forecast for debt repayment, with the latest figures detailed in the Integrated Plan report.
- 5.4 Members commented on those families that had been supported as having No Recourse to Public Funds, as detailed on page 11 of the report and it was queried if the County Council were looking for alternatives to using hotel accommodation for homeless families. It was advised that District Councils may be able to assist with supplying temporary accommodation and that closer working relationships with District Councils could help diminish expensive hotel costs. It was noted that there was a lot of work being undertaken in relation to the housing agenda and that this would be raised with the Director of Children's Services.
- 5.5 In response to a Member question on why the 'action required' was increasing on the Debt Recovery Performance chart (page 54 of the report), it was advised that a briefing note would be provided to explain the chart in further detail. It was noted that from historic Panel discussions that some debts were from deceased within Adult Care Services and therefore took time to resolve.
- 5.6 Members acknowledged the shortfall in savings identified within Libraries, as set out on page 18 of the report and queried why it was assumed that members of library staff were at the mid-point of their pay grade, when most were at the top of the grade. It was advised that averages were taken into account across many teams with compensating factors being taken into account. Members were informed that the shortfall had been considered in detail by the Education, Libraries and Localism Cabinet Panel who remained supportive of the overall Inspiring Libraries strategy. It was also noted that work is ongoing to investigate the possibility of an alternative delivery model for libraries.

Owen Mapley,
Director of Resources.

Stephen Pitsworth,
Assistant Director - Finance

Conclusion

- 5.7 The Cabinet Panel noted the content of the report.

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<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/768/Committee/104/SelectedTab/Documents/Default.aspx>

6. INVEST TO TRANSFORM PROPOSALS TO SUPPORT DELIVERY OF ADULT SOCIAL CARE INTEGRATED PLAN PROPOSALS

[Officer Contact: Helen Maneuf, Assistant Director Planning & Resources (Tel:01438 845502)]

- 6.1 Members considered a report which detailed an Invest to Transform Programme for Adult Care Services, which had been designed to support the delivery of the Integrated Plan Proposals. Members noted that the report had previously been considered at the Adult Care and Health Cabinet Panel on 30 January 2018.
- 6.2 The Labour Member supported the proposals as set out in the report but noted that they would abstain from voting due to their opposition to the charging of fees for elements of social care provision. Members heard that there were developments in models used in other countries, such as Holland and Italy, where a social enterprise model had been created. It was advised that Suffolk County Council was looking into the model from Holland and that the Director of Adult Care Services for Hertfordshire was following their progress closely.
- 6.3 Members discussed the value of working further alongside District Councils and the voluntary sector in providing services. It was noted that the County Council had begun working closer with District Councils in relation to social care accommodation with Supported Housing Accommodation Boards now established in the majority of district council areas. It was also noted that the County Council was working in partnership with four District Councils to deliver a Home Improvement Agency to take a joint approach to adapting properties to enable residents to remain living in their own homes.
- 6.4 Concerns were expressed by some Members with regards to charging for some services; however it was advised that where individuals received benefits to enable for them to pay for care, it would not be unreasonable to request that they made a contribution to the services they were receiving.
- 6.5 Members queried the link between the business case and the savings detailed within the Integrated Plan and it was advised that the Integrated Plan incorporated the proposed savings. It was noted that future Integrated Plan reports would highlight any savings that were to be made from Invest to Transform proposals.
- 6.6 Members commented on the outstanding debt of £13.9 million, as detailed on page 6 of appendix A and it was advised that there was a significant risk of some of the debt being declared bad debt and being unrecoverable and that the Invest to Transform Proposals would commission work to improve ways of working and recover debts.

Conclusion

- 6.7
- The Cabinet Panel recommended to Cabinet that it agrees the proposed Invest to Transform Programme for Adult Care Services (detailed in Appendix A) designed to support delivery of Integrated Plan Proposals.

7. **RURAL ESTATE LAND AT BALDOCK**

[Officer Contact: Roger Arbon, Senior Estates Officer, 01992 588052]

- 7.1 The Panel reviewed a report which considered the future of the land at Baldock, as set out in the report and to agree that it should be made available for development for the uses for which it is being allocated in the North Hertfordshire District (“NHDC”) Local Plan.
- 7.2 The Panel discussed the timescales for the process and queried if rural freeholder tenants were being engaged with. It was clarified that discussions with tenants had commenced.
- 7.3 Members queried the use of the term disposal within the recommendation and it was clarified that the term disposal would include both the selling of sites and the transfer of sites to Herts Living Ltd for development (once the governance and the process for transferring assets had been finalised).
- 7.4 In response to a Member question, it was clarified that there may be different strategies for different parts of the land for disposal and it was noted that there would be opportunities for democratic oversight of future plans for how development of the larger sites would be pursued.

Conclusions

- 7.5 The Resources, Property and the Economy Cabinet Panel recommended to Cabinet that it:-
- i) agrees the land at Royston Road, East of Clothall Common, Baldock as shown on the plan (Site identification 101A), attached as Appendix A to the report, is surplus to County Council requirements and approves the proposed disposal of the land,
 - ii) delegates to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) and the Executive Member for Environment, Planning and Transport, to approve the terms of the sale of the land at Royston Road, Baldock.

iii) agrees that the rural estate lands to the North and East of Baldock (as shown on the attached plan RE2842/F, attached as Appendix B to the report, are surplus to needs and can be released for disposal for the creation of urban extensions developments and authorises a programme of phased closure of the Hertfordshire County Council's Rural Estate service in this location to achieve the required timetable of land releases and disposals for those developments, with the details to be agreed by the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) and the Executive Member for Environment, Planning and Transport; and

iv) authorises a scheme for rationalisation of the Baldock Estate be prepared by the Director of Resources and tenants consulted prior to its implementation, and that the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) be authorised to agree the termination of tenancies and payment of appropriate compensation.

8. ST ALBANS CITY AND DISTRICT COUNCIL LOCAL PLAN CALL FOR SITES CONSULTATION (JAN/FEB 2018)

[Officer Contact: Andrea Gilmour, Interim Head of Development Services 01992 556477 / Dick Bowler, Estates Manager 01992 556223]

- 8.1 The Cabinet Panel reviewed a report which detailed landowner representations to be submitted by Property (Development Services) officers to the current St Albans City and District Council Local Plan Call for Sites consultation. It was noted that the County Council's policy in relation to the land at the former Radlett Airfield would need to be amended in order to include the site in the consultation.
- 8.2 Some members noted that sites 1,2,6 and 7 were in effect adjacent and development would impact on the traffic pressures along the A414 and commented that there appeared that the council was not including other sites outside of green belt land. Members were advised that at this point the sites were being put forward as potential sites for development and that it would be up to St Albans City and District Council to determine if any of the sites would be included within their Local Plan.
- 8.3 The Panel noted that the Former Radlett Airfield site had planning permission from the Secretary of State for the development of a Strategic Rail Freight Interchange and that full planning permission was scheduled for consideration by the planning committee of St Albans City and District Council in early March 2018. Some Members

commented that it was considered that the local preference for the site would be to use the land for a housing development and therefore offering the site for consultation, would allow St Albans City and District Council the opportunity to consider the site for a Garden Village. Members discussed the time and legal constraints in place for the County Council should they wish to put forward a planning application for the site.

Conclusion

- 8.4 The Resources, Property and The Economy Cabinet Panel recommended to Cabinet that:-
- The County Council supports the promotion of the eight sites referred to in the report through the Local Plan process to assist St Albans City and District Council in achieving its housing and employment land requirements; and
 - The inclusion of the Former Radlett Airfield in this process is authorised to enable the site to be considered by St Albans City and District Council for inclusion in the Local Plan.

8.5 It was noted that one Liberal Democrat Member abstained from the vote on the recommendations set out in the paper and the Labour Member and two Liberal Democrat Members voted against the recommendations.

9. LAND AT FOXGROVE PATH, SOUTH OXHEY – TO CONSIDER THE FUTURE OF THE LAND
[Officer Contact: Sharon Roskilly, Senior Estates Officer, Tel: 01992 555988]

9.1 The Cabinet Panel reviewed Part I and Part II reports which detailed considerations to the future of the land at Foxgrove Path, South Oxhey. The land had been acquired as part of a portfolio of sites for new schools in 1958, however it has never been used for educational purposes and is considered surplus to requirements.

9.2 In response to a Member question on whether the Education Service were aware of the plans for the site, Members were assured by the Deputy Member for Education, Libraries and Localism that the service were aware of the proposals for the site and that it was not required for a school development.

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

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

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- 9.4 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.
- 9.5 Following discussion on the Part II Report, the Panel moved back into Part I (open session) and agreed the recommendations.

Conclusion

- 9.6 The Resources, Property and the Economy Cabinet Panel recommended to Cabinet that it:-
- i) declares the land at Foxgrove Path, South Oxhey, as shown on the plan at Appendix 1 to the report, surplus to requirements and be disposed of.
 - ii) delegates to the Director of Resources in consultation with the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) and the Executive Member for Environment, Planning and Transport the authority to agree the terms of the sale of the land and dispose of the land at Foxgrove Path, South Oxhey.

10. WHEATSHEAF FARM, HIGH CANONS, BOREHAMWOOD – TO CONSIDER THE FUTURE OF THE FARMHOUSE AND FARM BUILDINGS

[Officer Contact: Sharon Roskilly, Senior Estates Officer, Tel: 01992 555988]

- 10.1 The Cabinet Panel reviewed Part I and Part II reports which detailed considerations for the future of the farmhouse and farm buildings at Wheatsheaf Farm, High Canons, Borehamwood.
- 10.2 Members acknowledged that the farmhouse and buildings were in poor condition and declared surplus to service needs in 2017. Early discussions with Hertsmere Borough Council as the Local Planning Authority had identified potential for planning consent. The Local Member was in support of the proposals.

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

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

10.4 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.

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

10.6 **Conclusion**

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

- i) approves that the farmhouse block and farm buildings at Wheatsheaf Farm, as marked red and blue on the Site Location Plan (EM 14446) at Appendix 1 to the report are declared surplus and to requirements and disposed of subject to 3.1 (ii).
- ii) delegates to the Director of Resources in consultation the Leader of the Council (as responsible for the Resources, Property and the Economy portfolio) and the Executive Member for Environment, Planning and Transport to agree and approve the terms of the sale and disposal of the farmhouse block and farm buildings at Wheatsheaf Farm and take such other steps as are appropriate to secure disposal of the site.

11. **OTHER URGENT PART I BUSINESS**

11.1 There was no other urgent Part I business.

PART II ('CLOSED') AGENDA

1. **LAND AT FOXGROVE PATH, SOUTH OXHEY – TO CONSIDER THE FUTURE OF THE LAND**

Conclusion

1.1 The recommendation on this item of business is recorded at item 9.6 above.

2. **WHEATSHEAF FARM, HIGH CANONS, BOREHAMWOOD – TO CONSIDER THE FUTURE OF THE FARMHOUSE AND FARM BUILDINGS**

Conclusion

2.1 The recommendation on this item of business is recorded at item 10.6 above.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

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HERTFORDSHIRE COUNTY COUNCIL**RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL
THURSDAY, 15 MARCH 2018 AT 10:00AM****HORIZONS MAGAZINE AND EXTERNAL CHANNEL STRATEGY***Report of the Director of Resources*

Author: Andrew Hadfield, Head of Communications (Tel: 01992 556446)

Executive Member/s: David Williams, Leader of the Council (as responsible for the Resources, Property and the Economy portfolio)

1. Purpose of report

1.1 To inform Members of the Resources, Property and Economy Cabinet Panel on the approach taken to a phased reduction of Horizons magazine and the improvements to the wider external channel strategy.

2. Summary

2.1 Over the last few years the County Council's external communication strategy has increasingly embraced digital channels, in line with the growing trend in news consumption being online and instant.

2.2 This trend questions both the need and resource necessary for three publications of Horizons magazine a year.

2.3 As a result, it is recommended that the number of editions of the Horizon magazine, delivered to every household in the county, will be reduced from the current three editions to two in 2018/19 and just one in 2019/20.

2.4 A number of actions will be taken to ensure that the County Council still inform and engage key groups who may not currently access news online.

3. Recommendations

3.1 The Panel is recommended to:

- a) Note 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) note the wider external channel improvements and extra short-term measures;
- c) note the implementation of the next steps and timescales.

4. Background

- 4.1 As part of the contribution to the 2018/19 Integrated Plan, Officers have committed to make annual savings of £100,000 from the Corporate Communications salaries budget - largely as a result of a restructure completed in October 2017.
- 4.2 Further financial savings of £50,000 in 2018/9 and £100,000 in 2019/20 from the printed publications budget have been agreed within the integrated planning process. To meet these contributions a reduction in the number of printed editions of Horizons is required.
- 4.3 Measures have been developed that would mitigate any potential adverse impact on reducing to fewer editions of Horizons and to ensure that “no-one is left behind” as the County Council moves more of its communications towards digital channels.
- 4.4 The plans to reduce the numbers of editions of Horizons and develop further digital channels have been informed by an independent market research survey (see headline results in Appendix 1) and three in-depth focus groups, carried out in autumn 2017. An initial Equalities Impact screening document has been completed, the results of which have been incorporated into section 11 within this report.

5. Horizons magazine

- 5.1 In terms of providing a positive impact on the Council’s reputation, recent market research in the autumn shows that Horizons is still a useful tool for reaching a significant proportion of Hertfordshire residents (58%) with news and events. While the magazine does have a positive impact on value for money (+12%) and informed ratings (+18%) compared to non-readers, it is only having a marginal effect on overall satisfaction (+3%).
- 5.2 In terms of delivering key service messages, the research indicates that the recall of specific stories was negligible and it is likely that there is some confusion amongst residents with other district, town and parish council publications. While Officers and Members scrutinise the specific wording and detail in each edition, many residents said that they would ‘flick through’ or ‘scan for articles of interest’.
- 5.3 It is also incredibly difficult to demonstrate that printed publications have an impact in encouraging residents to take specific action (e.g. the take up of online school admissions). For example, it is not as easy to demonstrate whether an increase in traffic to a specific web page is the result of an individual reading Horizons magazine. This is important as digital channels provide simple and highly effective analytics to track behaviours as well as to make real-time improvements to campaigns.
- 5.4 At focus groups, of those individuals who said they preferred receiving a physical publication, the majority were often content to receive an e-mail direct to their device. A number of those same individuals mentioned that they thought printed publications were expensive

whereas email bulletins were not. They did not feel that they would be any less informed if fewer editions of Horizons were published. However, there was shared concern across all the focus groups for those people who are not online, if the County Council solely relies on digital communications in the future.

6. Phased reduction of the printed edition of Horizons

- 6.1 Officers do not consider that the impact of Horizons, as identified in the focus groups, justifies the overall cost of design, print and distribution. This is £180,000 net per year (or the equivalent to 20% of Corporate Communications overall budget).
- 6.2 Officers approach to making the necessary savings is to gradually reduce the number of editions (from the current three) to two in 2018/19; and then to one annual publication in 2019/20.
- 6.3 As part of this phased approach, Officers propose to review and test the impact of this decision through further market research after the first annual edition in spring 2019.
- 6.4 The next two issues (March 2018 / autumn 2018) will remain largely the same. From March 2019, the new annual publication will require far more significant changes see details in the table below:

	March and autumn 2018	March 2019 (and thereafter)
Summary (Format and frequency)	<ul style="list-style-type: none"> continue to produce Horizons and maintain current A4 format 	<ul style="list-style-type: none"> produce the first 'annual' publication in new A5 format and similar to the traditional Council Tax and A-Z booklet of council services
Content	<ul style="list-style-type: none"> incorporate minor style and substance changes news content to reflect the new Leadership and also the reduction in frequency overall maintain current look and feel effectively communicate the reduction in number of print editions heavily promote the new digital channels (e.g. News Hub, Update Me) 	<ul style="list-style-type: none"> a Leader's column key achievements from the previous year priorities for the next year key spending and council tax key services and contact information –in A-Z format a useful 'what's on' calendar for the whole year more call to actions to encourage residents to visit the website for more information promotion of Update Me as the way to stay informed via the News Hub
Distribution and collaboration	<ul style="list-style-type: none"> procure a new distributor to save costs 	<ul style="list-style-type: none"> it is hoped that further savings can be found by distributing via district councils along with the council tax bills work more closely with partners (e.g. with advertorials from the police and health) but also encourage support from district and parish councils

7. External channel improvements

- 7.1 As part of the review of Horizons, several ways that the County Council can improve the performance of its other external communications channels have been developed. Overall, it is proposed that the County Council take a "digitally led" approach, with improvements being made on more traditional channels (e.g. media relations and other print channels). This strategy is set out in Appendix 2 and is based upon

increasing the reach of, as well as engagement with, County Council digital channels.

- 7.2 Central to these improvements would be an improved content management strategy. Currently, content management is through a “blog” that is displayed as a basic list of news stories. It is proposed to transform this into a much more user friendly ‘multi-media news hub’ (see Appendix 3) enabling Officers to continually publish a variety of content (including video) that is promoted on a daily basis via social media and weekly via the “Update Me” news bulletin.
- 7.3 A new monthly round-up of key stories will be called “e-Horizons”. This summary will also be promoted via “Update Me” and social media.
- 7.4 Evidence shows that a significant number of residents would still prefer to hear from the Council using traditional channels: with 56% saying leaflets or other printed materials; 54% saying posters in public buildings (e.g. libraries); and 42% saying they would prefer to hear from the County Council via street advertising. Accordingly printed summaries of “e-Horizons”, for use as summary posters on noticeboards in libraries and other key public buildings, will be provided and to encourage further take up of the online news hub. This will seek to bridge the “digital divide”, with the full detailed stories that are available online. The summary poster will further encourage residents to sign up to “Update Me” and social media channels.

8. Extra short-term measures

- 8.1 As part of the County Council’s risk and equalities assessments, Officers have considered the potential impact of reducing the number of Horizons print editions.
- 8.2 Overall, the vast majority of residents (90%) are online and at focus groups, most residents were willing to access alternative channels (such as e-mail or social media). It is therefore appropriate to recommend the approach outlined above and to continue to invest in the development of digital channels.
- 8.3 Officers are also confident that this approach is appropriate, even for those residents (around 13% from market research (135 out of 1000 residents surveyed) who said that Horizons is their only source of information about the County Council. This is because this group does in the most part have online access, although they are not actively engaged with the County Council. However, it may be necessary to focus upon some specific geographical areas, with targeted information through traditional channels.
- 8.4 Officers have also identified those older residents (over 65 years old) have a higher print readership and a lower online access. For these groups of residents, Officers have considered a range of extra communications activities that could be implemented in the short-term, whilst continuing to increase the reach of and engagement with digital channels for this identified group.

8.5 Officers plan to run a full-page advertisement in either all the local district publications or in local newspapers across the county. This would focus on a mixture of key corporate news, relevant service campaigns and promotion of its digital channels (i.e. "Update Me"). This would be trialled in Summer 2018 and then reviewed to ascertain whether this is an effective measure for further use in Autumn/Winter 2019.

9. Future direction: more targeted, audience based approach

9.1 Market research, both by survey and additional focus groups, demonstrates that residents' preferences for information (e.g. channel, content, frequency) do vary significantly.

9.2 Through the delivery of the 2018/19 campaign priorities, Officers will develop a more targeted approach to the way the Council communicates with residents. This is aligned with the personalisation work that Officers are looking at and similar to the 'other people like you...' model developed by Amazon and other online companies.

9.3 Officers will use the most recent market research and the existing Experian MOSAIC profiling groups to create communication specific "pen profiles" for the audiences across Hertfordshire. The Corporate Communications team, as well as individual services, will then be able to use these when considering the best channels for their specific objective or project.

9.4 This may mean that Officers could seek to use similar, direct communication techniques for specific campaigns in Adult Care Services and Children's Services. Alternatively, the County Council may choose more broadcast channels for universal services such as Environment and Libraries; whereas social marketing techniques are increasingly being used within Public Health.

9.5 In addition, and linked to the above, specific responsibilities within the Corporate Communications team will be assigned by area, to provide localised content (e.g. to the local press and via district, town and parish councils) on priority campaigns. This will also help the County Council to engage and build deeper relationships in the local area.

10. Next steps:

Date	Event/Activity
19 th March 2018	Distribution of Horizons (as usual)
March/ April 2018	Launch sign up campaign for Update Me
May/June 2018	News Hub launch and promotion of new monthly e-Horizons
Early Summer 2018	Full page advertorial in either all the local district publications or local newspapers
Sept/Oct 2018	Horizons (revised content and distribution – same overall look and feel)
March 2019	New annual, council tax publication
Spring 2019	Further market research testing, feedback and review by the Senior Leadership

11. Equality Impact Assessments

- 11.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 11.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public-Sector Equality Duty. As a minimum, this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 11.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 11.4 The following potential impacts on those with protected characteristics under the Act have been identified as part of an initial screening assessment was carried out as part of the development of this strategy to ensure that no stakeholder – or specific protected group – was left behind. The screening document has shown small groups who may potentially face adverse impacts:
- 11.4.1 Firstly, there was a small amount (13%) of people who said they only receive information through Horizons. This has been more fully addressed in the mitigating additional activities – as well as the fact that these groups are mainly online and would therefore be able to receive this information in other ways.
- 11.4.2 Secondly, there is a decline in internet access by age (a protected characteristic) with 65% of over 65s online, compared to 90% of the total population. It is also important to acknowledge that those people who said they had a disability have a lower online access at 65%. There is not a significant difference in online access between men and women.
- 11.4.3 Finally, there is a higher level of readership of Horizons amongst those people who said they had a disability (65%) compared to those with no disability (57%). There is also a higher readership rate of Horizons amongst women (64%) compared to men (53%). Readership of Horizons is above 68% for residents above 65 years old (compared to 30% for those aged under 30).
- 11.5 There will still remain a single, annual publication which Officers believe will be an effective form of communication to all residents. This,

like Horizons, would be made available on request in alternative formats, such as large print, Braille and audio.

- 11.6 In addition, Officers have also sought to provide adequate mitigation within the strategy – particularly through the additional print publication within the local district publications or local press. The County Council will also be printing the new, monthly summary of news, called e-Horizons, printed and placed in Libraries, Day Service, Children’s Centres and Care Homes, where possible and are also planning to explore the use and benefits of local bus stop advertising and local print advertising.
- 11.7 Officers will complete a full Equalities Impact Assessment with the support of other services to use with the implementation of the wider external channel strategy.

12. Financial Implications.

- 12.1 As part of the Integrated Planning process savings have been agreed from the printed publications budget of:
- 2018/19 £50,000
 - 2019/20 £100,000
- 12.2 The plans set out above will deliver in full these savings, whilst leaving some scope for funding additional measure to mitigate any adverse impact of reducing the number of Horizons editions.

Background Information

None

Appendix 1:

Summary Market Results October 2017

The Council commissioned an independent market research company who contacted 1,005 residents on landline numbers, across all districts, both male and female and across all age ranges. The 18-29-year-old respondents had to be weighted as they were underrepresented.

Officers have also carried out several focus groups across different locations, including Farnham House and County Hall to get some qualitative analysis.

a) General news and channel consumption

- 90 per cent of residents use the internet (65 per cent of over 60s)
- 77 per cent reported frequently reading national newspapers when compared with 32 per cent reading local newspapers.
- The Daily Mail, The Times, The Telegraph and The Sun (Print) were the top read national newspapers; The Comet, Mercury, Herts Advertiser and Watford Observer were the top read local newspapers.
- 55 per cent of residents read printed news. This is down significantly (14 per cent) since the survey was completed last year by The Campaign Company. It is even lower at 38 per cent for the under 30s.
- 74 per cent of residents now read their news online. BBC News is read by 58 per cent of residents compared to 52 per cent in 2016.
- WhatsApp, Facebook and Instagram are the top used social media channels (71 per cent, 67 per cent and 28 per cent respectively for those using the web). This has significantly grown since 2016.
- TV news is still an important tool, with BBC National News the most viewed broadcaster (76 per cent), followed by BBC London at 27 per cent.

b) Hertfordshire County Council News and channel consumption

- 86 per cent of residents have seen some form of information from the County Council in the last six months.
- 63 per cent have seen or can recall one of the County Council stories they were asked about (+5 per cent on the 2016 survey).
- 59 per cent felt that the County Council were neither perceived positively or negatively in the press.
- Horizons (58 per cent), printed leaflets (49 per cent) and the County Council Website (34 per cent) were the top three channels seen by residents in the last six months.
- 78 per cent of those who read Horizons, stated that they found it useful although almost half (48 per cent) who do read it, also said that they did not feel informed by the County Council.

- A significant number of residents have seen other traditional channels like posters in public buildings (31 per cent) or street advertising (25 per cent).
- 42 per cent of residents in the last six months have seen at least one of the digital channels and there is still significant potential to grow further with the fact that 84 per cent are on social channels and 90 per cent use the internet.

c) Preferred channels and mitigating actions

- The biggest gaps between the current consumption of the County Council information compared to their preferred channels are on the digital channels, with the website (at 56 per cent) the highest of these.
- Preferences for receiving information in the future about the County Council through more traditional channels, remains high. This was replicated in the focus groups with a number of people saying that they still like to hold something physical like a newspaper or leaflet and read at their leisure.

A significant number of these people also said that they would be quite happy receiving this via email or to go online for more information, when prompted.

- There is an appetite for county wide news stories with Robert Gordon's death being one of the most read on the County Council blog and engaged with on social media. Equally, residents want to know about hyper-local, service issues that are personal to them. They also feel the County Council could have a role in promoting local events (e.g. firework displays) even if the County Council are not directly funding them. Another top performing blog post was the top five budget things to do in Hertfordshire over half term. A benefit of this is that it would make the County Councils own channels more interesting for the corporate messages to be included within, therefore increasing the chance of these stories being seen.

Appendix 2:

External Channel Improvement plan

Summary

In line with the wider County Council strategy, the County Council will focus on a 'digitally led' approach to communicating with residents. This means hosting most of the multi-media content first on the website and then promoting via digital, as well as traditional channels.

This is born out of evidence as 90 per cent of Hertfordshire residents use the internet and 74 per cent of residents now get their news online. This is an increase of 9 per cent since May 2016 and compared to 55 per cent who read printed news. Local newspapers are read by around a third of all residents (32 per cent), fewer than those who use the County Council website (34 per cent).

As consumers, the general public have become accustomed to wanting everything now, at convenience and at the touch of a button. The County Council have also found that Hertfordshire residents are far more selective in what they read, skimming over headlines and only fully digesting content that they feel is worth their precious time or shareable amongst their community.

To ensure the County Council are reaching the target audience in the most effective way this plan includes three main elements. Firstly, there needs to be an improvement in the County Council's digital channels to ensure effective engagement and reach. The County Council will also look at how it makes the most of a reduced but more targeted approach to printed publications. Finally, the County Council will also increase its partnership working to help engage a wider Hertfordshire audience not currently following channels.

Improvement of digital channels

The County Council will do this primarily in three ways:

1) Develop and launch the 'News Hub'

Specifically, this means the County Council will:

- Develop the current list of news blog articles into a News Hub that can host a range of multi-media stories (e.g. video, animation and thumbnail pics) that are more accessible and easy for residents to navigate to find information relevant to them.
- Promote the daily top stories on the front-page carousel at the bottom of the website and share relevant stories across key service pages (e.g. 'you may be interested in..' type of content). This will be alongside the use of social media channels to push out these stories.
- Continue to promote the weekly key stories through Update Me and produce a monthly e-Horizons as an online magazine style summary for key campaigns and corporate news. This will also be circulated to key stakeholders, partner organisations (for their use in their publications) and printed in a poster format for use in libraries and other public buildings (see appendix 3 for visuals).

- Ensure all County Council content on the web is mobile friendly and in line with the digital style guide (e.g. using plain English and friendly tone of voice).

2) Accelerate the reach of County Council digital channels:

The County Council currently have one of the largest presences on social media compared to other County Councils. The recent research found that those who had seen County Council activity were much more likely to be satisfied with Hertfordshire County Council. However, getting specific messages seen and heard on social media is getting harder through increased traffic and particularly paid content.

A number of residents at focus groups have said that it simply had not occurred to them to follow the County Council on social media or sign up to an e-newsletter. The County Council also know that younger residents are unlikely to follow the Council directly. However, they would read content if recommended by a friend or third-party influencer or advocate, including the local or national media.

The below sets out specific areas for improvement:

A. Social media targets and actions

- Maintain followers to over 100,000 across all social media channels (with a particular focus on Facebook) to gain 600,000+ impressions per month.
- The County Council knows that it cannot rely on increasing the reach of channels alone to get out messages, for example four per cent of residents have seen Hertfordshire County Council's Facebook account but 67 per cent have a Facebook account. The County Council will therefore work in partnership with other stakeholders (for example local authorities as well as community groups) to push out content to an even greater audience (for example via Twitter direct messages and Facebook pages or private forums) to amplify and share messages across their channels.
- Invest wherever possible in paid for advertising to target specific posts, in particular for the take-up of services and key campaigns.

B. E-newsletter targets and actions

- The County Council will aim to double the number of new subscribers from 1,500 per month to 3,000 per month in order to deliver the target of 100,000 over the next year by April 2019 (currently 77,000). The County Council have a separate, more detailed action plan to achieve this, including: direct e-mail, social media adverts and a dedicated 'sign-up' campaign.
- The County Council will also promote events and weekly content via social media.
- The County Council will work in partnership with providers of other e-newsletters in Hertfordshire to cross promote news, such as through districts and town councils; as well as the police and health services.

3) Continue to retain strong digital engagement rates

Simply increasing the number of followers or subscribers will not be enough to gain meaningful awareness on digital channels.

To maintain strong engagement, the County Council will promote the below mixed content via a number of channels:

- **Key decisions/ corporate priorities:** these are often the most important to the organisation and help to build reputation for the authority (e.g. Cuffley Camp, Nascot Lawn, Ringway contract, Growth and Infrastructure). The County Council will continue to manage these as effectively as possible with advanced planning with the key services and the monthly Leader/Deputy/CLG process.
- **Services news:** this type of content also helps to build reputation but will be often more important to directorates for specific reasons, such as online school admissions or social care recruitment. Through experience, Officers have found that stories with a people focus which use case studies wherever possible (e.g. front-line workers such as gritters, care workers), allow Officers to get content across in a more user-friendly manner and with better engagement.
- **Timely and useful information:** this should seek to share user-generated content (especially retweets or partners and community groups) to provide relevant information about Hertfordshire news and events but does not always have to be wholly delivered by the County Council (e.g. festive events). This is primarily so that County Council channels are more likely to be engaging and enable the Council to be able to get across more corporate and service messages on other occasions without the risk of being unfollowed if the content becomes too 'dry'. The County Council would look to do this on a daily basis through social media; a weekly events story in Update Me; and a competition in the e-Horizons monthly round-up.

A. Social media activity

- Invest small financial amounts (e.g. £100) wherever necessary in paid-for-advertising to deliver specific targeting of posts, in particular for the take-up of services.
- Increasing the mix of content as above and engagement through a content calendar managed within the team.
- Use Instagram as a tool to celebrate Hertfordshire as a place to live with a few corporate messages weaved into the narrative. Also include guest takeovers to promote certain initiatives (e.g. physical activity) or key figures (e.g. David Williams 'My week in pictures' or a 'Day in the life' profile of frontline workers); and share posts from partner organisations such as the district and town councils.

B. E-newsletter activity

- The County Council have an above average open rate (40 per cent) which is almost double the industry average for its sector (21 per cent). The County Council will aim to retain this open rate alongside an increase in subscribers;
- The County Council will explore the use of local versions of e-bulletins in the future.

Printed publications

The County Council need to consider the following four areas:

1) Horizons magazine

- The County Council will keep the next two issues (March 18 / Autumn 18) the same but procure an alternative, cheaper distributor.
- From March 2019 and thereafter, the County Council will produce a smaller, A5, annual publication that goes out with council tax letters. It will be similar to a traditional council tax and A-Z booklet of council services (see below:)

	March and Autumn 2018	March 2019 (and thereafter)
Summary (Format and frequency)	<ul style="list-style-type: none"> • continue to produce Horizons and maintain current A4 format 	<ul style="list-style-type: none"> • produce the first 'annual' publication in new A5 format and similar to the traditional Council Tax and A-Z booklet of council services (see appendix 3 for visuals)
Content	<ul style="list-style-type: none"> • incorporate minor style and substance changes • news content to reflect the new Leadership and also the reduction in frequency; • overall maintain current look and feel • effectively communicate the reduction in number of print editions • heavily promote the new digital channels (e.g. News Hub, Update Me) 	<ul style="list-style-type: none"> • a Leader's column, • key achievements for the previous year • priorities for the next year • key spending and council tax • key services and contact information, in A-Z format • a useful 'what's on' calendar for the whole year • more call to actions to encourage residents to visit the website for more information • promotion of Update Me as the way to stay informed via the News Hub.
Distribution and collaboration	<ul style="list-style-type: none"> • procure an alternative distributor (non –Royal Mail) to save costs 	<ul style="list-style-type: none"> • It is hoped that further savings can be found through distributing via district councils with the council tax bills • Work more closely with partners (e.g. with advertorials from the police and health) but also encourage support from district and parish councils

2) Additional targeted publication(s)

- As part of market research, Officers have identified a group of around 13 per cent of residents who currently only get their information from Horizons.
- Most of this group live in North Herts, Hertsmere and Stevenage, which are areas covered by The Comet, The Mercury, Royston Crow, Borehamwood Times, Welwyn and Hatfield Times. The MOSAIC profiles these residents fall into mostly are Suburban Stability, Prestige Positions and Municipal Challenge. However, there is a broad geographical spread across the county.
- Generally, they range from 56-65 years in age, the majority of whom are online, surfing the internet and from national insights (Ofcom) are more likely to be using tablets rather than smart phones.
- The County Council are therefore planning to run a full-page advertorial in either all the local district publications or local newspapers across the county. This would focus on a mixture of key corporate news, relevant service campaigns and promotion of digital channels (i.e. Update Me).
- Officers will trial this activity in the summer of 2018 and review whether this is an effective measure for further use in Autumn/Winter 2019.

3) Poster sites and digital display boards (e.g. Libraries)

A number of residents said that they would still prefer to hear from the County Council via traditional channels with 56 per cent saying leaflets or other printed materials; 54 per cent saying posters in public buildings (e.g. Libraries); and 42 per cent who said they would prefer to hear from the County Council via street advertising.

The County Council will make more use of existing noticeboards in libraries to build awareness of key campaigns and service information with more details available online.

Each month Officers will update a poster on the key news from across the county taken from the multi-media news hub (i.e. the new monthly e-Horizons) as well as promoting the sign up to County Council digital channels, such as social media and e-newsletters.

Every quarter, the County Council would make use of access to bus shelter advertisements for priority campaigns – including the promotion of digital channels (e.g. Update Me sign up).

For specific service-user communications and consultations, the County Council would continue to advise that direct mail correspondence (e.g. letters and leaflets) and direct e-mail, remains the most effective way of engagement.

4) Traditional media relations

With the convergence of online and print news - often shared via social media and stories frequently broken by members of the public, it is now more important than ever to ensure that the content the County Council provides to journalists is also posted directly online.

Print news is declining significantly (14 per cent) since last year but still 55 per cent of residents read printed news – this reduces further for the under 30 age group (38 per cent).

Overall, it is difficult to compare local media readership as a slightly different question was asked in May 2016: a third of all residents now say they read a local paper in the past week; compared to over half of residents saying that they read at least one local paper every month in May 2016.

What is clear is that the best read local publication, The Comet (11 per cent) have maintained their strong readership base while the next best others (such as Herts Advertiser, Mercury and Watford Observer have all struggled now at around 5 per cent). Instead they are focussing more content online, while reducing print editions and they have been criticised for producing less genuinely local content.

Therefore, Officers know that traditional media is still an important channel for the County Council to use when promoting different types of content. To maintain and improve the County Councils media offer, the County Council will:

- **Take a more proactive approach:** opportunities to have a greater regional and national voice on key issues. In addition to developing a public affairs strategy, Officers will look for more regular opportunities on key reputational issues such as growth and infrastructure.
- **Take a stand:** Officers have demonstrated that there is a positive impact to take on the bigger, more controversial stories, such as HVCCG cuts to social care funding in 2017 where the County Council were able to get the Councils side of the story across.
- **Focus on the publications that matter:** Officers will continue a proactive approach to the most important media. This does include providing exclusive content and localised case studies to the: Comet, Mercury, Watford Observer, Herts Advertiser and BBC Local news (online and radio). The County Council also need to work harder to engage with national newspapers, such as the Daily Mail, Times, Telegraph and The Sun, as well as BBC National and BBC London for TV news.
- **Focus on the issues that matter:** Officers will continue to manage the reputation of the county council through effectively handling the most important and often controversial decisions being made by the council.
- **More efficient response service:** to enable the team to be more proactive, while responding to the ever-increasing pace of reactive enquiries, Officers will implement a prioritised reactive media approach based on the publications and issues that matter. This will also include the creating a suite of pre-approved holding statements, to provide comment when given incredibly tight deadlines as well as for critical incidents.
- **Team resourcing:** within the Press Office, the County Council will have the capacity to focus on the key proactive, corporate priority each day as well as managing the main reactive stories. In addition, the County Council will refocus the wider services team to each pitch at least one positive story per week to the local media, trade and national media outlets. The County Council will also commit on a weekly basis to deliver one multi-media story per Comms Officer, searching out 'good news' opportunities within the services and looking for greater news hooks to share.
- **Look for extra opportunities for coverage:** The County Council will look at increasing its presence with key media by using media partnerships either on a regular basis (such as a regular column, letters pages and radio panel discussions).
- **Be social and shareable:** as with other channels, the County Council will look to repurpose content from the news hub but also to focus on stories that have a strong human-interest angle and are shareable. To maintain and improve relationships with journalists, and be a useful conduit for information, the County Council will share more local news where appropriate, including Hertfordshire County Council stories in the media.
- **Evaluation:** while the media landscape in Hertfordshire is shifting more towards online news rather than print, the current media scoring system is not reflecting this shift. Following the current market research, the County Council will amend its scoring system based on the outcome of the research. This will give Officers a more accurate view of how residents consume media and to focus more on the media strategy when selling-in stories.

- **Media training:** The County Council has already begun implementing a programme for senior officers and executive members across the organisation. This is to ensure continuing broadcast coverage on radio and TV for both positive stories and expertly handle interviews during crisis situations. The County Council will also look to provide standard in-house training for frontline officers when they are increasingly used as case studies.

Localised approach and greater partnership working

In addition to a number of specific improvements already mentioned and in response to some of the research, the County Council knows that there is a need for more localised and targeted information.

The County Council already works closely with a range of organisations (e.g. district councils, NHS and police) and will look to develop a genuine partnership approach for the annual printed publication.

Where possible, the County Council hope to be able to provide useful, localised information. For example, Sawbridgeworth Town Council, as part of the research, that they would happily promote Hertfordshire County Council information about local road closures or nearby events if it was provided to them.

The County Council will continue to build on the existing stakeholder database that was developed by a group of graduate trainees in the autumn to ensure that the County Council have a comprehensive list of key digital and traditional 'influencers' split by district. The County Council will also build on relationships with communications colleagues in partner organisations and develop methods for cascading information to residents through their communications channels on a monthly basis, including the use of downloadable content for key campaigns each quarter.

The County Council will also consider assigning specific responsibilities within the Corporate Communications team by area, to provide localised content (e.g. to the local press and via district, town and parish councils) on priority campaigns but also to engage and build deeper relationships in the local area.

Appendix 3:

Visuals of proposed developments

1. Online news
2. Monthly e-magazine
3. Annual publication

1. Online news:

Currently the media centre has been re-purposed as a blog page for news content.

Media centre

Latest news

[Untitled22Final chance to have your say on transport plan for Hertfordshire](#)



[Get hitched in Hertfordshire in 2018](#)



Guidance for journalists and media

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Contact

press.office@hertfordshire.gov.uk

01992 555537 (Monday to Friday 8.30am - 5.30pm)

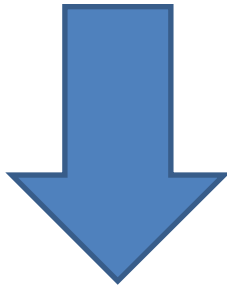
For out of hours urgent media enquiries please call 07850 007382.

Twitter



Herts County Council
@hertscc

Our gritters have been busy over the winter period and will be out again tonight @herts_highways #Grittwitter



The screenshot shows the Thomson Media Centre website interface. At the top, there is a navigation bar with the TUI logo and 'MEDIA CENTRE' text, followed by menu items: HOME, NEWS, IMAGES, VIDEOS, FACTSHEETS, and CONTACT. Below the navigation bar, the 'LATEST NEWS' section is displayed. A dropdown menu for 'All Categories' is visible. The news grid contains six articles:

- August 2017**: **TWO WEEKS TO TANGO: TOP TEN THINGS YOU CAN LEARN I...**. Leading holiday brand Thomson marks the last two weeks of the school holidays with a list of 10 weird and wonderful things you can learn in two we...
- August 2017**: **Statement on Barcelona Attacks 18/08/2017**. We would like to extend our thoughts to anyone affected by the tragic events which unfolded in Barcelona on the 17th August. We have accounted for all...
- August 2017**: **THOMSON CELEBRATES EXAM RESULTS WITH A SELECTION O...**. Over the next two weeks, teenagers up and down the country will have their mind on one thing as they eagerly await their A Level or GCSE results. Whet...
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- August 2017**: **UK CHILDREN ARE MISSING THE MARK ON SWIM TARGETS**. A fifth of British children leave primary school unable to swim...
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With development it can become improved News Hub

2. Monthly E-Horizons and printed as a poster in public buildings (e.g. libraries)



News from the county council

A message from the Leader of the Council



As 2018 begins, I want to say a huge thank you to everyone, including many county council workers, who worked or volunteered across the festive season to make sure residents were kept safe and able to access the services they need. We are all very grateful to them and hope they also found time to spend with their families.

David Williams,
Leader of the Council

Get in touch



Visit us online for 24/7 support at:
www.hertfordshire.gov.uk



Our key services are also available by phone:
0300 123 4567
0300 234 5678
0300 456 7899

Top Stories this month



Our Family Safeguarding team won a prestigious award.



We completed several large roadworks projects to keep the county moving.



Our libraries have continued to flourish

What's on?



Join us at the Hertfordshire County Show



Have a go on our new Aerial Ladder Platform at the fire station open day.



The Tour of Hertfordshire takes place in July

3. Annual Printed Publication

- Sent every March
- Smaller, A5 booklet
- Distributed with the council tax letters

Leader's column

from Councillor David Williams



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A year to remember

what we achieved in 2016/17

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Opportunity to be HEALTHY & SAFE

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Opportunity to THRIVE

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Opportunity to TAKE PART

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HERTFORDSHIRE COUNTY COUNCIL

RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL
THURSDAY, 15 MARCH 2018 AT 10:00AM

HERTFORDSHIRE COUNTY COUNCIL'S MEMBERSHIP OF THE LOCAL GOVERNMENT ASSOCIATION

Report of the Director of Resources

Author:- Alex James, Head of Corporate Policy
(Tel: 01992 588259)

Executive Member:- David Williams, Leader of the Council (as responsible
for the Resources, Property and the Economy
portfolio)

1. Purpose of report

- 1.1 To inform Panel of a proposed change to Hertfordshire County Council's relationship with the Local Government Association (LGA).

2. Summary

- 2.1 In July 2017, the LGA's General Assembly voted to create a new incorporated LGA in the form of a 'private unlimited company'. On 27 February 2018, Hertfordshire County Council received a letter from the Chief Executive of the LGA asking the County Council to formally apply to become a member of this new company by 31 March 2018.

3. Recommendation

- 3.1 That Panel notes that the Director of Resources, in accordance with the County Council's Constitution, has 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.
- 3.2 That Panel also notes that the Director of Resources' decision to sign will be subject to financial due diligence 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).

4. Background

- 4.1 The LGA is the national representative body for local authorities in England and Wales. Cross-party and politically led, it seeks to provide local councils with a strong voice with national government and other

stakeholders. In total, 415 local authorities are members of the LGA in 2017/18, including 349 English Councils.

4.2 Hertfordshire County Council is a longstanding member of the LGA. Its subscription fee for 2018/19 will be £106,875 (plus VAT). This rate has been frozen for the last six years.

4.3 Hertfordshire County Council's representatives on the LGA are appointed by County Council. Its current representatives are David Williams, Teresa Heritage, Richard Roberts and Chris White.

5. Proposal to incorporate the LGA as a private unlimited company

5.1 Like its member councils, the LGA is continually reviewing its arrangements to keep membership costs down. In July 2017, the LGA's General Assembly, its main decision-making body made up of councillors from its member councils, voted to create a new incorporated LGA in the form of a 'private unlimited company'.

5.2 On 27 February 2018, Hertfordshire County Council received a letter from the Chief Executive of the LGA asking it to formally sign up as a member of this new company. A copy of the draft Articles of Association can be found at Appendix A.

5.3 The LGA considers this change in status will enable it to be more financially sustainable, invest more in the work it does for member councils and keep subscriptions as low as possible. The LGA has stated that incorporation will mean that this change will enable it to enter into contracts and hold property in its own name (which it could not do as an unincorporated association) which will 'regularise' its commercial activities. The LGA has stated that the change will not affect the way that Hertfordshire County Council accesses services as a member of this organisation.

5.4 The LGA has stated that under the proposed unlimited company, members councils would have the same entitlement to a share of the assets of the LGA and the same responsibility for its liabilities in the event of its formal liquidation. This means that the liability position of Hertfordshire County Council as a member of the newly incorporated company would potentially be the same as under the current unincorporated LGA.

5.5 It is understood that the current unincorporated LGA will continue to be run in parallel until its General Assembly on 3 July 2018. At that stage, subject to all member councils having joined the new company, the General Assembly will be invited formally to dissolve the unincorporated LGA.

5.6 As such, in line with the Scheme of Delegation to Officers outlined in Annex 3 of Hertfordshire County Council's constitution, it is proposed

that the Director of Resources sign the application form for Hertfordshire County Council to be admitted as a member of the new incorporated 'private unlimited company' of the LGA.

6. Financial Implications

- 6.1 Prior to the Director of Resources signing the application form for Hertfordshire County Council to be admitted as a member authority of the LGA's 'private unlimited company', financial due diligence will be carried out to ensure that the change in status of the LGA does not have any additional impact on Hertfordshire County Council.
- 6.2 The membership fee that the County Council pays to the LGA will remain the same as stated in paragraph 4.2.

7. Equalities Impact

- 7.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the Equality implications of the decision that they are making.
- 7.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 7.3 The Equality Act 2010 requires the County Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 7.4 No EqIA was undertaken for this report because the report does not impact on equalities or affect any of the protected characteristics which would require an EqIA to be completed.

Background Information

LGA website: www.local.gov.uk



LOCAL GOVERNMENT ASSOCIATION

APPLICATION FOR ADMISSION AS A MEMBER AUTHORITY

To the Board of Local Government Association (the Association)

[] Council hereby applies for admission as a Member Authority of the Local Government Association in accordance with the Association's Articles of Association, such admission to take effect on 1 April 2018.

On and from the Admission Date, the Council agrees to be bound by the Articles of Association of the Association and by such rules, standing orders and resolutions made or passed under or pursuant to them from time to time.

The council agree that all notices, documents or other information from the Association may, at the option of the Association, be sent to any address specified below, or to such other address as we may subsequently notify to the Association in accordance with the Articles of Association.

Signed:

Name (printed):

Position:

Date:

For and on behalf of (applicant council):

Address of applicant council:

Contact e-mail address:

All communications to be marked for the attention of:

**THE COMPANIES ACT 2006
PRIVATE UNLIMITED COMPANY**

**ARTICLES OF ASSOCIATION
OF**

LOCAL GOVERNMENT ASSOCIATION

(Adopted by special resolution passed on 2018)

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THE COMPANIES ACT 2006
PRIVATE UNLIMITED COMPANY
ARTICLES OF ASSOCIATION
OF
LOCAL GOVERNMENT ASSOCIATION

PART 1 – NAME, OBJECTS AND POWERS

1 NAME

1.1 The name of the Association shall be the LOCAL GOVERNMENT ASSOCIATION.

2 OBJECTS AND POWERS

2.1 The objects of the Association (Objects) are:

- 2.1.1 to support, promote and improve local government in England and Wales;**
- 2.1.2 to represent, wherever possible by consensus, the interests of Member Authorities to national governments, to Parliament, to political parties, to European and other international institutions and to other bodies, and to negotiate on behalf of local government;**
- 2.1.3 to formulate policies to support the improvement and development of local governance, effective management in local authorities and the enhancement of local democracy in England, Wales and elsewhere;**
- 2.1.4 to provide forums for discussion of matters of common interest and/or concern to Member Authorities, including groups of Member Authorities, and a means by which joint views may be formulated and expressed;**
- 2.1.5 to provide a full range of cost-effective services to Member Authorities in accordance with their wishes, including the dissemination of accurate, timely and relevant information;**
- 2.1.6 to co-ordinate collective legal actions on behalf of groups of Member Authorities where authorised by the Leadership Board or relevant Board;**
- 2.1.7 to promote the policies of the Association and to provide information on local government issues to the public and outside organisations;**
- 2.1.8 to endeavour to give democratically elected local representatives from different political groups the opportunity to contribute to the Association's work and to the development of policies which represent, as far as possible, consensus between the political groups and between groups of Member Authorities;**
- 2.1.9 to appoint democratically elected local representatives to the boards of the Improvement and Development Agency for Local Government and Local Partnerships LLP to ensure that the work and priorities of those organisations reflect those of the Member Authorities; and**
- 2.1.10 to support all democratically elected local representatives of Member Authorities.**

2.2 The Association may do all such things that a person can lawfully do which are or may be necessary, or intended to facilitate, or conducive or incidental to the discharge or achievement of the Objects.

3 RESPONSIBILITY FOR ACTION

3.1 In matters of local government in general or which concern all Member Authorities, the Association will speak for all Member Authorities.

3.2 Recognised groupings of Member Authorities established under these Articles (or standing orders adopted pursuant to these Articles) may speak for the interests they represent, subject to their views not conflicting with or undermining the Association's policy as a whole or damaging the interests of other Member Authorities.

3.3 The Association shall ensure that the appointment of any democratically elected local representative to represent the views of Member Authorities on outside bodies or on delegations shall so far as is practicable reflect the political balance of the Association as calculated in accordance with Article 7.

3.4 The Association shall not in the context of the issue of local government reorganisation adopt or support any policy which adversely affects any Member Authority. Nothing in this Article shall prevent any Member Authority or group of Member Authorities seeking factual information from officers to assist such a Member Authority or group in promoting outside the Association a view in connection with any reorganisation.

3.5 The Association may provide goods and services to other entities engaged in local government (Associates) at such times and on such terms, including classes of Associate, as the Leadership Board may approve from time to time.

PART 2 – MEMBERSHIP AND MEMBER AUTHORITY REPRESENTATIVES

4 MEMBERSHIP

4.1 The Association may invite into membership of the Association Principal Councils in England and Wales which are capable of being included in the political balance calculations in Article 7, with each of them upon admission to membership being a Member Authority.

4.2 The Association must maintain a register of Member Authorities.

4.3 The liability of the Member Authorities is unlimited.

4.4 Any Member Authority wishing to terminate its membership of the Association shall give not less than twelve months' notice in writing to the Chief Executive to expire on 31 March in any year. At the expiration of the period of notice the Member Authority giving notice shall cease to be a Member Authority and shall become a Past Member Authority.

4.5 Subject to Article 4.7, a Past Member Authority shall have:

4.5.1 forfeited all right to and claims upon the Association and its property and funds; and

4.5.2 lost any entitlement whatsoever to any share in the assets of the Association whether on a dissolution or otherwise (save in so far as these Articles provide for the assets of the Association to be set off against the liabilities of the Association to determine the net liabilities under Article 24).

4.6 A Past Member Authority shall remain liable for its share of the net liabilities of the Association, calculated in accordance with Article 24, for a period of five years from the date when it ceased to be a member of the Association and shall discharge its share of the net liabilities of the Association on the Association's dissolution.

4.7 These Articles shall continue to be binding on Past Member Authorities insofar as they relate to the rights and liabilities of Past Member Authorities.

5 MEMBER AUTHORITY REPRESENTATIVES

5.1 Each Member Authority may appoint up to four persons, with each such person being a Member Authority Representative. A Member Authority Representative shall serve on/at the General Assembly.

5.2 Each Member Authority Representative shall be a democratically elected local representative of that Member Authority. A Member Authority Representative serving on any of the Association's governance structures, or otherwise representing or undertaking business on behalf of the Association, is required to operate in accordance with the member code of conduct of the Member Authority which appointed him/her.

5.3 The names of the Member Authority Representatives shall be submitted in writing to the Chief Executive not less than five clear working days in advance of the Annual Meeting in each year, by the appropriate officer of the appointing Member Authority. In exceptional circumstances, names can be submitted after that deadline subject to agreement with the Chief Executive.

5.4 The periods of office for Member Authority Representatives appointed to serve on the General Assembly, the Leadership Board and any Board or other governance structure of the Association shall begin as follows:

5.4.1 For any Member Authority Representative appointed to serve on the General Assembly, with effect from the Annual Meeting in a given year.

5.4.2 For any Member Authority Representative elected to serve as a director on the Leadership Board, with effect from the Annual Meeting in a given year.

5.4.3 For any Member Authority Representative appointed to serve on any governance structure (other than the General Assembly or the Leadership Board), on the date specified in his/her letter of appointment.

5.5 A Member Authority Representative shall serve on the General Assembly and (if elected or appointed to do so) as a director on the Leadership Board or member of any other governance structure until the earlier of:

5.5.1 the date of (but excluding) the Annual Meeting in the following year (provided that this shall not apply in relation to a Member Authority Representative appointed to relevant governance structures in accordance with Article 5.4.3);

5.5.2 his/her resignation as a Member Authority Representative;

5.5.3 him/her ceasing to be a democratically elected local representative of his/her appointing Member Authority; and

5.5.4 his/her appointing Member Authority becoming a Past Member Authority.

PART 3 – GOVERNANCE STRUCTURE

6 GOVERNANCE STRUCTURE: SUMMARY

6.1 The General Assembly may from time to time by special resolution passed in accordance with the Companies Acts amend these Articles.

6.2 The General Assembly may from time to time by ordinary resolution:

- 6.2.1 make standing orders for the regulation of its proceedings and conventions governing relationships between the political parties in the conduct of the Association's business; and
- 6.2.2 delegate any of its powers to any person, board or committee on such terms of it shall determine,

provided always that the standing orders, conventions or terms of delegation do not conflict with the provisions of these Articles.

- 6.3 The General Assembly may from time to time by ordinary resolution passed in accordance with the Companies Acts approve (and/or amend existing) standing orders for the Leadership Board to cover any matter relating to the Leadership Board not already covered by these Articles (the Leadership Board Standing Orders) including the delegated powers, size and political composition of the Leadership Board.
- 6.4 If there is any conflict between the provisions of these Articles and the provisions of the Leadership Board Standing Orders, the provisions of these Articles shall prevail and the Member Authorities shall exercise all voting and other rights and powers available to them to give effect to the provisions of the Articles and/or to remedy to conflict.
- 6.5 The Leadership Board may from time to time approve (and/or amend existing) standing orders (other than the Leadership Board Standing Orders) for any Board (the Board Standing Orders), to cover any matter relating to any Board not already covered by these Articles including the delegated powers, size, periods of office and political composition of that Board.
- 6.6 If there is any conflict between the provisions of these Articles and the provisions of any Board Standing Orders, the provisions of the Articles shall prevail and the Leadership Board shall exercise all voting and other rights and powers available to them to give effect to the provisions of the Articles and/or to remedy the conflict.

7 POLITICAL BALANCE AND SUPPORT FOR POLITICAL GROUPS

- 7.1 The political balance on the Leadership Board and any Board or other governance structure of the Association shall be calculated annually and approved by the Leadership Board by reference to the overall electorate represented by the democratically elected local representatives of each party, immediately after the last principal elections of Member Authorities and in accordance with the following principles:
 - 7.1.1 only Principal Councils which are Member Authorities before the polls open on the day of the principal local elections shall be included in the political balance calculations; and
 - 7.1.2 to be included in the political balance calculations, Principal Councils joining the Association on or after 1 April of the membership year must have paid their subscriptions in full, with the funds cleared in an account nominated by the Leadership Board prior to the opening of the polls on the day of the principal local elections.
 - 7.1.3 A 50% weighting will be applied in respect of Member Authorities in areas with county and district councils and in Wales.
- 7.2 When director resigns or his/her period of office terminates prior to the Annual Meeting at which he/she would otherwise cease to be a director in accordance with Article 5.5.1, his/her nominating party may elect or appoint a replacement, who will be designated as "acting" until formally elected by the General Assembly at that Annual Meeting.
- 7.3 Political groups recognised by the Association for the purposes of representation on its governance structures, and whose total share of the weighted electorate is 5% or more, shall be entitled to reasonable support from the Association to enable them to play their part in influencing parties on behalf of Member Authorities.

7.4 Independent democratically elected Member Authority Representatives and Member Authority Representatives from smaller recognised political groups may join together voluntarily to secure a collective share of the weighted electorate of 5% or more, in order to qualify for support from the Association comparable to that provided to larger political groups.

8 PRESIDENT AND VICE PRESIDENTS

8.1 A President of the Association (President) shall be elected at the Annual Meeting in each year and shall be eligible for re-election for up to a maximum of eight years in the post.

8.2 Vice-Presidents shall be appointed annually by the leaders of the Association's political groups and be reported at the Annual Meeting.

8.3 The President and Vice-Presidents need not be democratically elected local representatives of Member Authorities and shall not have a vote at the General Assembly.

8.4 The President and Vice-Presidents are required to operate in accordance with the Code of Conduct for members of Parliament, members of the House of Lords, for MEPs or for members of the Welsh Assembly.

9 CHIEF EXECUTIVE AND STAFF

9.1 There shall be a Chief Executive of the Association (who shall not be a director) appointed on such terms and conditions as agreed by the Leadership Board and such other staff as may be necessary for the purpose of implementing the Association's Objects. The Chief Executive and Deputy Chief Executive shall act as advisers to the Leadership Board

9.2 The Association may appoint a company secretary on such terms as may be agreed by the Leadership Board.

PART 4 – THE GENERAL ASSEMBLY

10 THE GENERAL ASSEMBLY: INTRODUCTORY PROVISIONS

10.1 A reference in these Articles to the General Assembly is to the Member Authorities in general meeting or to the general meeting itself, as the case may be.

10.2 The General Assembly shall be held on such days and at such places as may be decided by the Leadership Board.

10.3 Once each year, the General Assembly will elect the directors as set out in Article 20. This shall be the Annual Meeting. Other meetings (known as extraordinary general meetings or EGMs) may be held as required.

10.4 The General Assembly shall deal with such business (including at the Annual Meeting) as may be determined by the Leadership Board.

11 CALLING THE GENERAL ASSEMBLY

11.1 A General Assembly may be called at any time by the Chief Executive with the approval of the Leadership Board and must be called within 21 days of a written request from Member Authorities representing at least 5% of the total voting rights of all the Member Authorities having a right to vote at general meetings and made in accordance with section 303 of the Companies Act 2006.

11.2 The Chief Executive shall:

11.2.1 not less than three months before the Annual Meeting, and not less than 28 clear days before each extraordinary general meeting, send to each Member Authority, to their chief

executive or clerk, all Leadership Board directors and the Association's auditors a notice stating:

- (a) the date, time and place of the meeting (and in the case of an Annual Meeting shall specify the meeting as such); and
- (b) If a special resolution is proposed, the full text of the resolution and that it is a special resolution,

together with a proxy card; and

11.2.2 not less than 10 working days before the Annual Meeting, or extraordinary general meeting, send to each Member Authority Representative appointed by a Principal Council, and publish on the Association's website, an agenda specifying the business to be transacted.

11.3 Notice must be given in hard copy form, electronic form or by means of a website, in each case in accordance with the Companies Act 2006.

11.4 The accidental omission to give notice of a General Assembly meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice, or a technical defect in the timing or manner of giving such notice of which the directors are unaware shall not invalidate the proceedings of that meeting, shall not invalidate the proceedings at that meeting.

12 ATTENDANCE AND SPEAKING AT THE GENERAL ASSEMBLY

12.1 A person is able to exercise the right to speak at the General Assembly when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

12.2 A person is able to exercise the right to vote at the General Assembly when:

12.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

12.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

12.3 The Leadership Board may make whatever arrangements it considers appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

12.4 In determining attendance at the General Assembly, it is immaterial whether any two or more persons attending it are in the same place as each other.

12.5 Two or more persons who are not in the same place as each other attend the General Assembly if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

13 QUORUM

13.1 The quorum for the General Assembly shall be one-third of the total number of Member Authorities.

13.2 No business other than the appointment of the General Assembly Chair is to be transacted at a General Assembly if the persons attending it do not constitute a quorum.

14 CHAIRING THE GENERAL ASSEMBLY

14.1 At the Annual Meeting, the President shall chair the General Assembly so as to elect the Chair of the Association and thereafter the Chair shall chair the General Assembly. At other meetings of the General Assembly, the Chair, or in his/her absence the senior Vice Chair, or in their absence another

Vice Chair or person chosen by the meeting, shall preside. The person presiding as chair of the General Assembly at any time is the General Assembly Chair.

15 ADJOURNMENT OF GENERAL MEETINGS

15.1 If the persons attending the General Assembly within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the General Assembly Chair must adjourn it.

15.2 The General Assembly Chair must adjourn a general meeting if directed to do so by the meeting.

15.3 The General Assembly Chair may adjourn a meeting at which a quorum is present if:

15.3.1 the meeting consents to an adjournment; or

15.3.2 it appears to the General Assembly Chair that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

15.4 When adjourning a general meeting, the General Assembly Chair must:

15.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Leadership Board; and

15.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

15.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Association must give at least 7 clear days' notice of it:

15.5.1 to the same persons to whom notice of the General Assembly is required to be given; and

15.5.2 containing the same information which such notice is required to contain.

15.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

16 VOTING AT THE GENERAL ASSEMBLY

16.1 Member Authorities shall be entitled to vote on matters at the General Assembly as follows:

16.1.1 In areas with both a county and district councils, each district council shall have one vote and the county council shall have votes equal to the number of district councils in its area;

16.1.2 the total number of votes of unitary authorities shall represent the same proportion of the total votes of county and district councils, as the total population of unitary authorities in relation to the total population of county and district councils. Votes shall be allocated between individual unitary authorities on the basis of population bands that are reviewed and determined by the Leadership Board from time to time; and

16.1.3 the population for this purpose shall be as given in the latest figures published by the Registrar General before the convening of each Annual Meeting. Welsh Member Authorities shall be entitled to vote on the election of a Chair, Vice-Chairs and Deputy Chairs of the Association and on non-devolved matters directly relevant to their statutory duties and responsibilities.

16.2 Where a Member Authority is entitled to more than one vote, then:

- 16.2.1 the Member Authority Representative(s) appointed by the Member Authority and attending the General Assembly shall be entitled to cast collectively all votes of that Member Authority;
 - 16.2.2 written notice of the intention of those Member Authority Representatives present on behalf of an appointing Member Authority to exercise the votes of those Member Authority Representatives not present (or not appointed) by the same Member Authority must be given to the Chief Executive before the start of the General Assembly. The notice must be from the Member Authority in question; and
 - 16.2.3 it shall be the responsibility of the Member Authority Representatives present to ensure that they are in agreement as to how their Member Authority's votes should be cast.
- 16.3 In the case of an equality of votes, the General Assembly Chair shall have the casting vote in addition to any vote(s) he or she may be entitled to cast as a Member Authority Representative on behalf of his/her appointing Member Authority.
- 17 AMENDMENTS TO RESOLUTIONS**
- 17.1 An ordinary resolution to be proposed at the General Assembly may be amended by ordinary resolution if:
- 17.1.1 notice of the proposed amendment is given to the Association in writing by a person entitled to vote at the meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the General Assembly Chair may determine); and
 - 17.1.2 the proposed amendment does not, in the reasonable opinion of the General Assembly Chair, materially alter the scope of the resolution.
- 17.2 A special resolution to be proposed at the General Assembly may be amended by ordinary resolution, if:
- 17.2.1 the General Assembly Chair proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 17.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 17.3 If the General Assembly Chair, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the General Assembly Chair's error does not invalidate the vote on that resolution.

PART 5 – LEADERSHIP BOARD

POWERS AND RESPONSIBILITIES

18 DIRECTORS' GENERAL AUTHORITY AND MEMBER AUTHORITIES' RESERVE POWER

- 18.1 Subject to these Articles, the directors are responsible for the management of the Association's business for which purpose they may exercise all the powers of the Association.
- 18.2 The General Assembly may, by special resolution, direct the directors to take, or refrain from taking, specified action. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

19 DIRECTORS MAY DELEGATE

- 19.1 Subject to these Articles, the Leadership Board may delegate any of the powers which are conferred on it under these Articles:

- 19.1.1 to such Board;
 - 19.1.2 by such means (including by power of attorney);
 - 19.1.3 to such an extent;
 - 19.1.4 In relation to such matters or territories; and
 - 19.1.5 on such terms and conditions,
- as it thinks fit.
- 19.2 If the Leadership Board so specifies, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 19.3 The Leadership Board may revoke any delegation in whole or part, or alter its terms and conditions.

APPOINTMENT AND REMOVAL OF DIRECTORS

20 APPOINTMENT OF DIRECTORS

- 20.1 The General Assembly shall, at the Annual Meeting each year, elect from amongst the Member Authority Representatives:
- 20.1.1 the Chair of the Association;
 - 20.1.2 Vice Chairs of the Association; and
 - 20.1.3 Deputy Chairs of the Association.
- 20.2 Each of the above directors shall be a representative of a political group of democratically elected local representatives, whose share of the weighted electorate exceeds 5% of the total. The largest group at the point of calculating the political balance shall appoint the chair of the Leadership Board (the Chair).
- 20.3 The remaining directors are appointed according to proportionality in line with Article 7 (*Political balance*).
- 20.4 The Vice Chair nominated by the second largest group shall be the Senior Vice Chair.

21 TERMINATION OF A DIRECTOR'S APPOINTMENT

- 21.1 A person ceases to be a director as soon as:
- 21.1.1 that person ceases to be a Member Authority Representative pursuant to Article 5.5;
 - 21.1.2 the Leadership Board determines that he or she has breached the code of conduct of the Member Authority which appointed him/her;
 - 21.1.3 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - 21.1.4 a bankruptcy order is made against that person;
 - 21.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;

- 21.1.6 a registered medical practitioner who is treating that person gives a written opinion to the Association stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- 21.1.7 notification is received by the Association from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

PART 6 – FINANCE AND DISSOLUTION

22 FINANCE

- 22.1 The Leadership Board shall approve prior to the last day of March in each year a statement of estimated expenditure for the year commencing on the following first day of April.
- 22.2 The subscriptions of Member Authorities for each year commencing 1 April shall be at rates to be determined annually by the Leadership Board.
- 22.3 The annual subscription of each Member Authority shall be calculated according to a formula determined by the Leadership Board, having regard to the allocation of votes as set out in Article 18.1. A maximum subscription for any year shall be set.
- 22.4 Where one or more Principal Councils that make up a Combined Authority are not Member Authorities, a separate subscription will be charged to that Combined Authority in respect of those Principal Councils.
- 22.5 Subscriptions shall be payable on 1 April in each year.
- 22.6 The Chief Executive shall be responsible for the preparation of an Income and Expenditure Account and Balance Sheet each year, for their examination and certification by independent professional auditors and for the submission of those accounts to the General Assembly.
- 22.7 The Association may invest, lend or otherwise deal with monies not immediately required for its purposes in such manner as may be thought fit by the Leadership Board and may borrow or raise money in accordance with financial regulations agreed by the Leadership Board.
- 22.8 The Association may purchase, take on lease or otherwise obtain land and buildings for use as offices, to provide accommodation for meetings of the Association, for the use of staff and ancillary and related bodies and for the purpose of generating income to support the activities of the Association; and may sell, or otherwise dispose of, such land and buildings all on such terms and in such manner as the Leadership Board considers suitable, and may establish companies for this purpose.

23 SCHEME OF ALLOWANCES

- 23.1 The Association shall provide a scheme for the payment of allowances and expenses to democratically elected local representatives appointed to agreed Association roles, in recognition of duties carried out on behalf of the Association (Scheme of Allowances).
- 23.2 The Leadership Board will consider annually whether to establish an independent Panel to review the Scheme of Allowances and to make recommendations for decision by the Leadership Board. An independent review of the Scheme should be carried out at least every 4 years.
- 23.3 The membership of the Panel shall comprise of a minimum of 3 and a maximum of 5 members and be agreed by the Leadership Board. The Chair of the Panel must be independent of the Association and may not be a serving democratically elected local representative. The remaining Panel members may be serving democratically elected local representatives, but must not hold an Association role whilst a member of the Panel.

24 DISSOLUTION

- 24.1** If at any General Assembly where at least two-thirds of Member Authorities are represented a motion for the winding up of the Association is passed by a two-thirds majority, a special resolution must then be put to all Member Authorities for decision via an electronic or postal vote. For the special resolution to be passed, it must be agreed by at least 75% of the votes capable of being cast by all Member Authorities.
- 24.2** If the Association is wound up for any reason, the remaining assets of the Association (if any) shall be distributed to each Member Authority at the date of dissolution (the Existing Member Authorities) in proportion to the amount which the total annual subscriptions paid by that Existing Member Authority in the last ten full accounting periods prior to the date when the winding up resolution was passed bears to the total subscriptions paid by all Existing Member Authorities in the same period.
- 24.3** In the event that the Association's assets should prove to be insufficient to discharge its liabilities, Member Authorities and Past Member Authorities (subject to Article 4.6) shall contribute such additional sums as are required to eliminate the deficiency. Where any one or more Existing Member Authorities or Past Member Authorities is/are required to contribute more than its/their proper proportion towards the Association's liabilities, as calculated below, the Existing Member Authorities and Past Member Authorities shall ensure that they pay across to those "over-contributing" such amount(s) as may be required to ensure that all Existing Member Authorities and Past Member Authorities contribute in accordance with this Article 24.
- 24.4** Every Existing Member Authority and Past Member Authority (subject to Article 4.6) shall contribute towards any deficiency in the proportion to which the annual subscription which it was liable to pay in its last year of membership (which in the case of an Existing Member Authority shall be the full accounting year immediately before the accounting year in which the winding up resolution was passed, and in the case of Past Member Authorities shall be the accounting year at the end of which its membership ceased) bears to the total amount of subscriptions, as so determined, payable by all Member Authorities (both existing and past).
- 24.5** The liabilities of the Association shall include (without prejudice to the general meaning of "liabilities") the following:
- 24.5.1** any sums which are or may in the future become due and payable by the Association under the terms of any lease, licence, mortgage, debenture, loan, guarantee, indemnity or any other agreement or arrangement to which the Association is a party and pursuant to which the Association is or becomes indebted;
- 24.5.2** any sums which are or may in the future become due and payable by the Association:
- (a)** to an administering authority for the purposes of the local government pension scheme regulations for the time being in force; and
 - (b)** in respect of the Association's liability to pay the amount of any unfunded pension costs rechargeable to the Association. The amount of such unfunded pension costs shall be determined by an actuary acting as an expert and appointed by the Association and whose determination shall be conclusive;
- 24.5.3** any sums which are or may in the future become due and payable to officers and/or employees of the Association including salary, wages, redundancy, compensation for loss of office or employment or any other benefits (including early retirement packages) to which such officer or employee is or becomes entitled by reason of law or in circumstances where the Association is dissolved, in accordance with the policy of the Association existing at the date of the passing of winding up resolution; and
- 24.5.4** any sums (whether by way of damages or otherwise) which are or may in the future become due and payable in respect of any liability in law whether in contract, tort or otherwise.
- 24.6** For the purposes of Article 24.5:

- 24.6.1 a sum may become due in the future in whatever circumstance including on the dissolution of the Association;
- 24.6.2 net liabilities shall mean the assets of the Association less "the liabilities" of the Association; and
- 24.6.3 "the assets of the Association" shall include all legal and equitable interests in any asset whatsoever including fixed, current, tangible and intangible assets.
- 24.7 In the event of a dispute between an Existing Member Authority or Past Member Authority and the Association as to the amount which the Existing Member Authority or Past Member Authority should contribute or receive under this Article 24 the matter shall be referred to arbitration. Any arbitration shall be conducted in accordance with the Arbitration Rules of the Chartered Institute of Arbitrators. The Arbitrator shall be appointed by the President for the time being of the Institute of Chartered Accountants of England and Wales. In the event that the Arbitrator issues a determination providing that the Existing Member Authority or Past Member Authority is liable to contribute a specified sum under this Article the Existing Member Authority or Past Member Authority shall pay the monies which the Arbitrator determines it ought to pay within seven days of the issue of the award.
- 24.8 The provisions set out in Articles 24.2 to 24.4 do not apply where dissolution is effected for the purpose of reconstitution or merger.

PART 7 – ADMINISTRATIVE ARRANGEMENTS

25 MEANS OF COMMUNICATION TO BE USED

- 25.1 Subject to the Articles, anything sent or supplied by or to the Association under these Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Association.
- 25.2 Subject to the Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 25.3 A director may agree with the Association that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

26 SEAL

- 26.1 Any common seal may only be used by the authority of the Leadership Board.
- 26.2 The Leadership Board may decide by what means and in what form any common seal is to be used.
- 26.3 Unless otherwise decided by the Leadership Board, if the Association has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 26.4 For the purposes of this Article, an authorised person is:
- 26.4.1 any director;
- 26.4.2 the secretary (if any); or
- 26.4.3 any person authorised by the Leadership Board for the purpose of signing documents to which the common seal is applied.

27 INDEMNITY

27.1 Subject to Article 27.2, a relevant director of the Association or an associated company may be indemnified out of the Association's assets against:

27.1.1 any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Association or an associated company;

27.1.2 any liability incurred by that director in connection with the activities of the Association or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

27.1.3 any other liability incurred by that director as an officer of the Association or an associated company.

27.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

27.3 In this Article:

27.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

27.3.2 a relevant director means any director or former director of the Association or an associated company.

28 INSURANCE

28.1 The directors may decide to purchase and maintain insurance, at the expense of the Association, for the benefit of any relevant director in respect of any relevant loss.

28.2 In this Article:

28.2.1 a relevant director means any director or former director of the Association or an associated company;

28.2.2 a relevant loss means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Association, any associated company or any pension fund or employees' share scheme of the Association or associated company; and

28.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

PART 8 - INTERPRETATION

29 INTERPRETATION

29.1 In these Articles:

Annual Meeting has the meaning given in Article 10.3

Articles means these articles of Association as amended from time to time

Association means the company governed by these Articles

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

Board means any person, board or committee to whom or which any of the Leadership Board's powers are delegated

Board Standing Orders has the meaning given in Article 6.5

Chair has the meaning given in Article 20.2

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006) in so far as they apply to the Association;

director means a director of the Association, and includes any person occupying the position of director, by whatever name called

document includes, unless otherwise specified, any Document sent or supplied in Electronic Form

electronic form has the meaning given in section 1168 of the Companies Act 2006

General Assembly has the meaning given in Article 10.1

General Assembly Chair has the meaning given in Article 14

hard copy form has the meaning given in section 1168 of the Companies Act 2006

Instrument means a document in hard copy form

Leadership Board means the directors of the Association or such of them as are present at a meeting of the directors at which a quorum is present

Leadership Board Standing Orders has the meaning given in Article 6.3

Member Authority has the meaning given in Article 4.1

Member Authority Representative has the meaning given in Article 5

Objects has the meaning given in Article 2.1

ordinary resolution has the meaning given in section 282 of the Companies Act 2006

Past Member Authority has the meaning given in Article 4.4

Scheme of Allowances has the meaning given in Article 23

Senior Vice Chair has the meaning given in Article 20.4

special resolution has the meaning given in section 283 of the Companies Act 2006

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, but excluding fax

year means calendar year

29.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Association.

29.3 A reference to a person shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any

association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.

29.4 Unless the context otherwise requires:

29.4.1 words in the singular shall include the plural and in the plural shall include the singular; and

29.4.2 a reference to one gender shall include a reference to the other genders.

29.5 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision. A reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

29.6 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

29.7 References to a month shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month.

29.8 The expressions **body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the first person) shall be treated as a member of another company or undertaking if:

29.8.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or

29.8.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or

29.8.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

HERTFORDSHIRE COUNTY COUNCIL**RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL
THURSDAY, 15 MARCH 2018 AT 10:00AM****TO CONSIDER THE ACQUISITION OF LAND TO THE SOUTH OF BYGRAVE ROAD,
BALDOCK**Report of the Director of Resources

Author: Mike Evans, Head of Estates and Asset Management
Tel: 01992 555 634

Executive Member: David Williams, Leader of the Council (as responsible for the
Resources, Property and the Economy portfolio)

Local Member: Steve Jarvis, Royston West and Rural

1. Purpose of Report

- 1.1 To seek authority for the acquisition of the land to the South of Bygrave Road, Baldock.

2. Summary

- 2.1 The County Council owns a large area of land to the North and East of Baldock which is held for the purposes of the Rural Estate and currently the subject of several agricultural tenancies. This land has been subject of a Local Plan allocation for a large urban extension as a result of the Call for Sites from North Herts District Council (NHDC) within their Local Plan (which is currently undergoing Examination in Public).
- 2.2 NHDC will require a level of investment in local infrastructure; this will include works to improve access to the railway station and the town centre. Acquisition of this parcel of land will aid in the delivery of a choice of economically viable access routes adjacent to the railway line.

3. Recommendation

- 3.1 The Resources, Property and the Economy Cabinet Panel is invited to recommend 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;
 - 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.

4. Background

- 4.1 The County Council has been requested to advance land at Baldock for development to assist North Hertfordshire District Council in meeting its housing supply and other growth requirements within the new Local Plan period. The County Council owns a large area of agricultural land to the east and north of Baldock (currently let as farms and managed by Hertfordshire County Council's Rural Estate team such land subsequently referred to as the Baldock Rural Estate) which can be made available to meet proportion of the requirement. Initial planning indicates a likelihood of the ability to provide lands to accommodate some 3,300 dwellings with associated infrastructure and local facilities, together with a substantial area of employment land.
- 4.2 The initial infrastructure design work at the Baldock Rural Estate site indicates the need for rail crossings at strategic points and the need for pedestrian/cycle access to Baldock Station from the Baldock Rural Estate Northern site.
- 4.3 WYG, a firm of town planning and engineering consultants was appointed by the County Council in 2016 to produce a masterplan for the whole of the Baldock lands and undertake discussions with NHDC and other interested parties have informed the required development infrastructure. They advise that there is a need for a road crossing on the railway to provide access to the development areas together with potentially up to 3 crossings for pedestrians/cycles. The road crossing and footways can be serviced from County Council owned land, and there may be better options facilitated by acquisition of this land.
- 4.4 Acquisition of this land would provide an option for pedestrian access to be gained to Baldock Station along the northern side of the railway line as well as removing any design constraints with regard to the third crossing. This will allow designers to produce a more cost effective solution to meet the anticipated planning requirements.
- 4.5 Commercial terms have been provisionally agreed, subject to Cabinet agreeing in principle the land is acquired.
- 4.6 The proposed purchase of the land presents the County Council with an opportunity to ensure flexibility in the provision of infrastructure works on proposed Urban Extension development.

5. Town Planning

- 5.1 An application for Outline Planning Application for the Urban Extension site has been submitted. The application will be fully considered upon adoption of the new Local Plan, which will confirm the removal of the land from the Green Belt.

5.2 At this time, the land to be acquired is not included within the application. Once the purchase has been completed consideration will be given to the most appropriate way to secure permission for its development.

6. Financial Implications

6.1. A valuation of the land will confirm the terms are appropriate for a purchase by a local authority. Such transactions are governed by the compensation principles that would apply if the land were being acquired by compulsory purchase processes. The general principle being that acquisition should be at market value.

6.2 The costs of the acquisition are addressed in the accompanying Part II report and will be met from the Invest to Transform 'Spend to Achieve' capital budget.

7. Equality Act Implications

7.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the Equality implications of the decision that they are making.

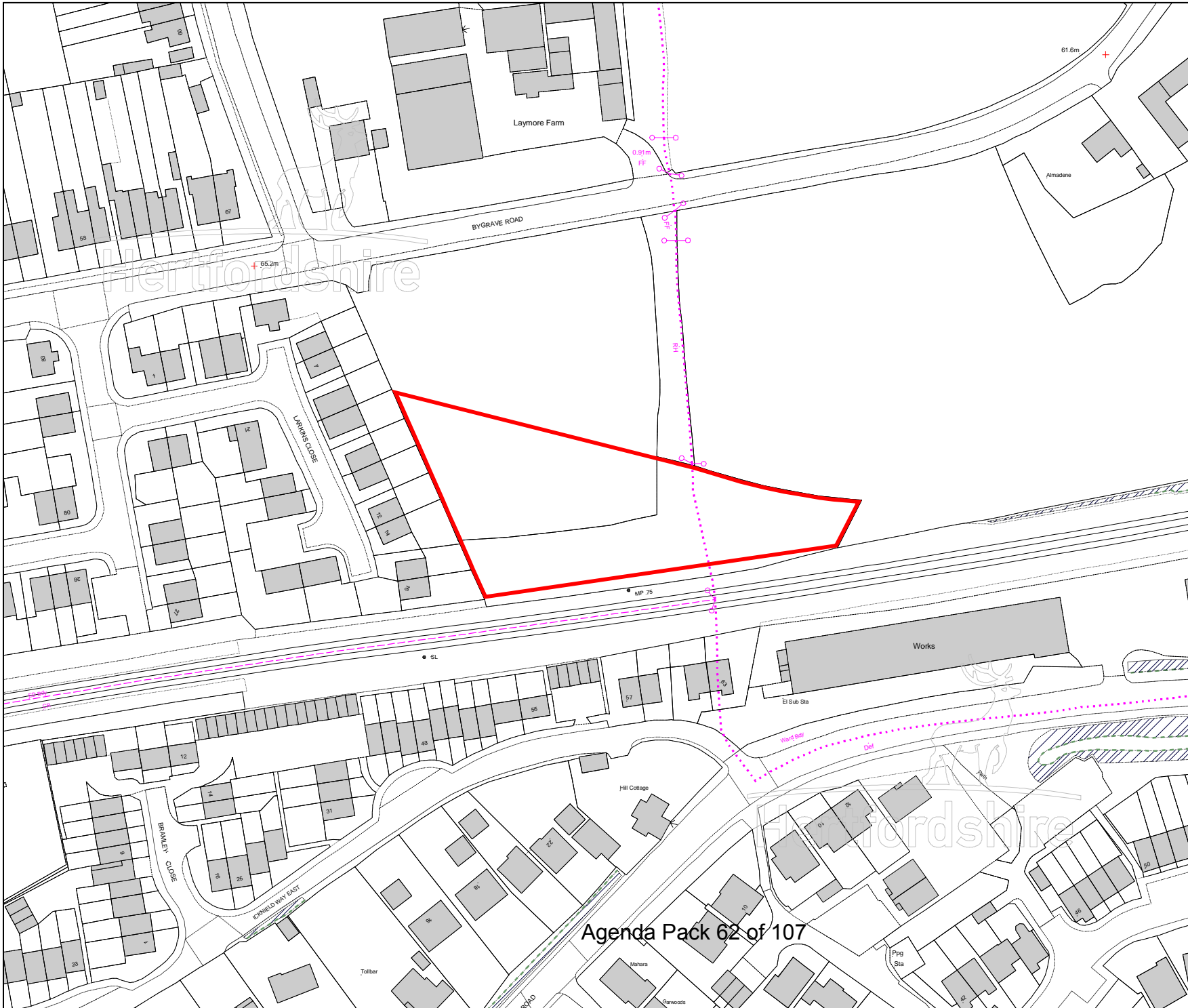
7.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

7.3 The Equality Act 2010 requires the County Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

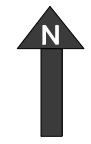
7.4 An EqIA has not been completed at this stage of the process. This will remain under review although there are not any direct equality implications arising from this report.

Background Information

None.



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PROJECT
**Land to the South
 of Bygrave Road
 Baldock**

DRAWING TITLE
**Site Location
 Plan**

DRAWN	Jo-Ann Burke
CHECKED	
DATE	08/03/2018
SCALE	1:1250@A4
PLANNING	REVISION
EM 14928	

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HERTFORDSHIRE COUNTY COUNCIL**RESOURCES, PROPERTY AND THE ECONOMY CABINET PANEL
THURSDAY, 15 MARCH 2018 AT 10:00AM****APPOINTMENT OF JOINT VENTURE PROPERTY DEVELOPMENT
PARTNER***Report of the Director of Resources*

Author: Mike Evans, Head of Estates Management

Executive Member: David Williams, Leader of the Council (as responsible for the Resources, Property and the Economy portfolio)

1. Purpose of report

- 1.1 To provide Members with an update on the outcome of the final stage of the Competitive Dialogue relating to the appointment of a joint venture property development partner.
- 1.2 To enable Cabinet to consider the award of the contract to the wholly owned subsidiary company ("Devco") of the Preferred Bidder as set out in the Part 2 report to be the Joint Venture (JV) partner that will enter into a joint venture with Herts Living Limited (HLL).
- 1.3 To provide Cabinet with the corporate structure for the JV and routes for investment and land transfer.
- 1.4 To provide Cabinet with the Delegation Matrix for HLL, the amended Articles of Association for HLL and an update on the HLL Member Advisory Group, which are set out in the Appendices.

2. Summary

- 2.1 Cabinet has previously considered reports relating to this matter, on 13 March 2017, 10 July 2017 and 18 December 2017, and approved the process through which the County Council have selected the Preferred Bidder in line with an EU compliant procurement process and also agreed the creation of HLL.
- 2.2 This report summarises the final stage of the Preferred Bidder process to confirm the detail of the offer and contractual terms, specifically the corporate structure of the JV partnership between the DevCo, the Preferred Bidder and HLL.
- 2.3 This report also seeks approval to award the contract to the DevCo as a wholly owned subsidiary company of the Preferred Bidder and

agreement for the proposed Articles of Association and Delegations Matrix for HLL.

- 2.4 The identity of the Preferred Bidder and DevCo will be made public once the contract award letter has been issued and the required standstill period under the EU procurement rules has expired.
- 2.5 The tender exercise set out twelve initial development opportunities as seen in Appendix 1. These sites have been declared surplus by the County Council and are currently to be taken forward via the Joint Venture.
- 2.6 This report is supported by more detailed information which is exempt under Part 1 of Schedule 12A to Local Government Act 1972 (as amended), which is contained in the accompanying Part 2 report.

3. Recommendations

- 3.1 That the Resources, Property & the Economy Cabinet panel recommends to Cabinet the following:
 - 3.1.1. "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 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 Treasury Management & Investment 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 agreed by the Chief Legal Officer.

4. Background

- 4.1 In March 2017, Cabinet gave approval to carry out the procurement process to identify a Joint Venture development partner to assist the County Council, through a wholly owned subsidiary (now established as Herts Living Ltd), in the development of 12 initial sites owned by the County Council. The OJEU process proceeded through autumn/summer 2017.
- 4.2 Officers completed the evaluation of final tenders submitted as part of the procurement process and on 18 December 2017 Cabinet agreed (amongst other recommendations/decisions) the selection of the Preferred Bidder, and delegated to the Director of Resources, in consultation with the Leader of the Council (as responsible for the Resources, Performance & Economy portfolio), to enter into discussions with the Preferred Bidder with a view to clarifying, specifying and optimising aspects of the Preferred Bidder's final tender (including but not limited to project governance, sites to be developed, phasing, financial profile and communications) and to confirm commitments contained in the final tender to be in a position to award the contract to the Preferred Bidder.
- 4.3 The County Council is now in a position to:
 - 4.3.1 award the Contract to DevCo and for HLL to enter into the Joint Venture, which will allow each party to participate in the property development of selected sites, and to share equally in the development profits. The proposed terms of the Joint Venture are set out in Section 12 of this report, and these will be contained in the Partnership Agreement to be entered into by the parties.

- 4.3.2 bring forward property development opportunities and to realise improved financial returns over the long term, which may be achieved via disposal of surplus land and assets (subject to compliance with the County Council's Constitution with regards to disposal and declaring such land/assets surplus to requirements).
- 4.3.3 agree the amended Articles of Association (Appendix 3) and the composition of the Delegations Matrix (Appendix 2), for HLL (details of which are set out in section 7).
- 4.4 Cabinet requested that the Business Plan for HLL be referred to Cabinet to consider and agree. The Director of Resources will develop the Business Plan for HLL with the Managing Director of HLL, in consultation with the Directors of HLL, and recommended to the Shareholder Representative.
- 4.5 This proposal provides enhanced capital receipts and a share of developers profit compared with traditional disposal to the market. These benefits are considered sufficient to outweigh the potential risk from fluctuations in the property market.

5. The Procurement Process

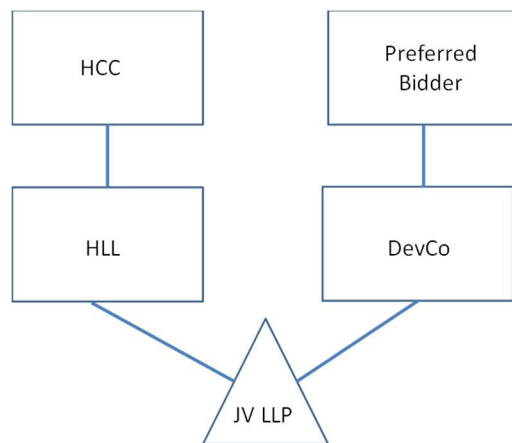
- 5.1 All elements of the procurement process were robust and transparent and complied with the Public Contracts Regulations 2015 (PCR 2015), as set out in the report to Cabinet on 18th December 2017.
- 5.2 The final stage of the procurement process leading to contract award is described as the Preferred Bidder stage. The purpose of this stage enables discussion between the County Council and Preferred Bidder in which the final tender may be clarified, specified and optimised at the request of the County Council in accordance with the PCR 2015. The County Council may also initiate negotiations with the Preferred Bidder to confirm financial commitments or other terms contained in the tender, provided that this:
 - Does not have the effect of materially modifying essential aspects of the tender, and
 - Does not risk distorting competition or causing discrimination
- 5.3 The County Council has complied with the requirements set out in 5.2 with regards the Preferred Bidder stage, leading to the recommendation to enter into contract with DevCo with the appropriate Parent Company Guarantee from the Preferred Bidder.

6. Key outcome from Preferred Bidder stage

- 6.1 Preferred Bidder discussion has enabled the County Council to confirm the corporate structure through which to create the Joint Venture

partnership. Based on legal advice received the 50/50 Limited Liability Partnership (“LLP”) corporate structure is appropriate and is consistent with the offer from the Preferred Bidder. This position has minimised the need for any contract adjustments to the legal suite of documents included as part of the tender.

- 6.2 The 50/50 corporate structure will deliver a 50/50 split of development profit to DevCo & HLL. It comprises a joint venture LLP owned equally by HLL and DevCo, as wholly owned by the Preferred Bidder, as shown in the diagram below. Stamp duty (SDLT) is payable on the transfer of land to the JV, with 50% relief. Profits made within the JV on the development and sale of assets will be passed in equal shares to HLL and DevCo (as wholly owned subsidiary of the Preferred Bidder, where they will be subject to corporation tax. The net profit can then pass to County Council as a dividend. The corporate structure is shown below:

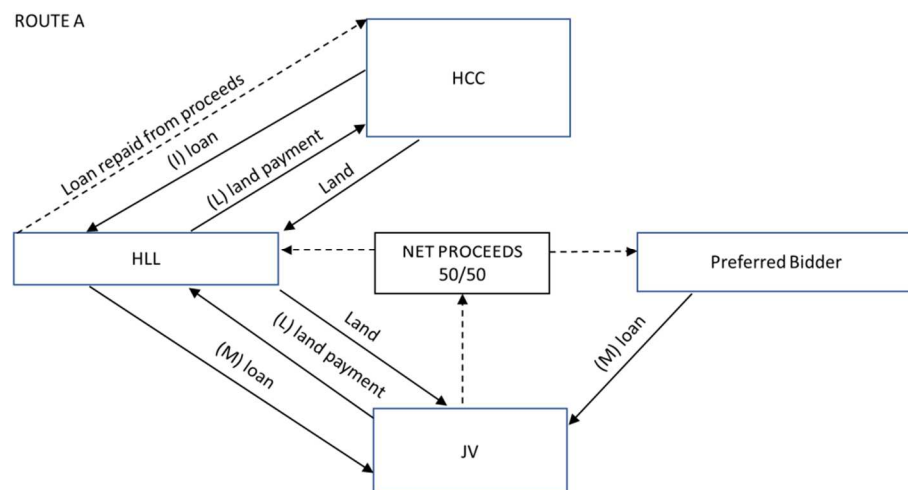


- 6.3 HLL and the Preferred Bidder will contribute equity with the value of 35% of the land and development costs in the JV, each providing an equal share. The remaining 65% of costs will be met from external borrowing by the JV.
- 6.4 Legal advice from Counsel has indicated that, to meet S123 best consideration requirements, best consideration reasonably obtainable for the land must be received at the point of transfer, as cash, loan or loan note. Interest will be charged on any loan or loan to HLL by the County Council so that the County Council is no worse off than if it had received the whole receipt when the land was transferred. The County Council cannot itself invest directly in the JV, as the JV is operating for commercial gain.
- 6.5 There are a number of routes to meet these requirements, all of which result in the same outcome: at the time of transfer of the land the County Council receives best consideration reasonably obtainable for the land. Offsetting this, HLL is provided with the required equity for the investment via a loan arrangement between the County Council and HLL. These loans will be unsecured, although the eventual land values and development profits are projected to exceed the loan value

6.6 These alternative routes are:

a) Land transfer via HLL, funded by loan:

- The County Council advances a loan to HLL on commercial terms (to meet State Aid requirements) for the value of the land,
- HLL purchases the land from the County Council for best consideration reasonably obtainable in accordance with s123 requirements at the date of disposal.
- HLL then immediately sells the land on to the JV for the land value less HLL's equity share.
- This payment from the JV is used to part repay the loan provided by the County Council, leaving an outstanding balance equal to the equity share.
- This will be repaid when the developed properties are sold and equity is repaid to HLL.



Key:

- (I) loan = the loan from the County Council to HLL which must be repaid in full plus interest.
- (M) loan = a matched loan of the same value from each partner (HLL and Preferred Bidder) to introduce sufficient equity into the joint venture to enable development
- (L) payment = full "Red Book Valuation" consideration for the land, as provided by an independent RICS valuer.

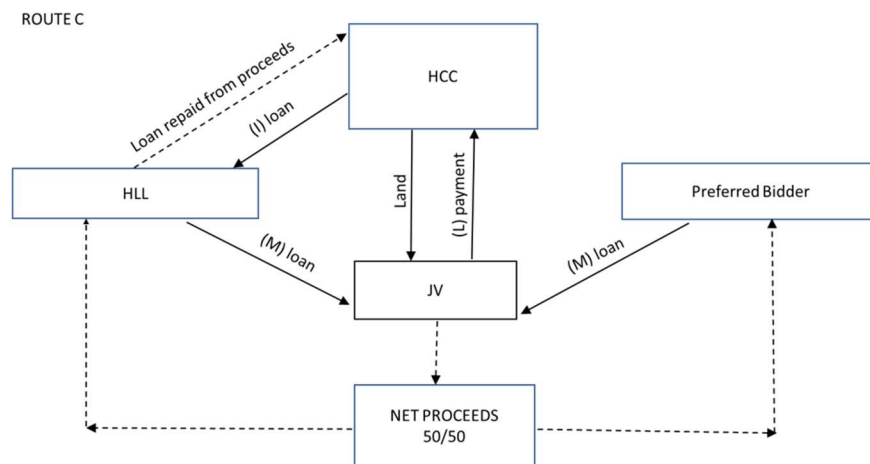
b) Land transfer via HLL, funded by loan note:

- Land transfers to HLL, who provide a loan note to the County Council for the land value, (best consideration reasonably obtainable),
- Land transfers from HLL to JV,
- JV pays value above equity to HLL, who part pay the loan note to the County Council,

- Balance of loan note will be paid when the properties are sold and equity is repaid to HLL.

c) Land transfer directly from County Council to JV:

- County Council advances to HLL a loan of the equity required for the development,
- HLL invest equity in the JV,
- The JV then purchases the land, paying the County Council best consideration reasonably obtainable in accordance with s123 requirements at the date of disposal.
- Loan will be repaid by HLL when the properties are sold and equity is repaid to HLL.



Key:

- (L) loan = the loan from the County Council to HLL which must be repaid in full plus interest.
- (M) loan = a matched loan of the same value from each partner (HLL and Preferred Bidder) to introduce sufficient equity into the joint venture to enable development
- (L) payment = full “Red Book Valuation” consideration for the land, as provided by an independent RICS valuer.

6.7 These arrangements have been considered from legal, tax and accounting perspectives, informed by external specialist legal, tax and treasury management advisers. All are compliant for section 123 and have equal risk position. Cabinet is requested to delegate to the Director of Resources the final arrangements for any loan / loan note or transfer of land between the County Council and the JV, as appropriate for each site or circumstance (as per recommendation *xii*)

6.8 The joint venture LLP and land transfer mechanisms have been evaluated for sites where land is being developed to provide dwellings for sale, at a profit. For some developments, this model may not be

appropriate – for example where assets are being developed for service delivery or other non-commercial use. Alternative models include (but where applicable will be subject to further reports to Cabinet in accordance with the County Councils Constitution):

- The County Council as direct partner in a JV LLP, where development can be demonstrated to be for regeneration or other non-commercial purposes – no corporation tax would be payable
- An alternative commercial arrangement, where the County Council obtains its profit share as an overage (usually as enhanced capital receipt).
- Direct development by the County Council (for non-commercial purposes) or HLL (for commercial development)

The choice of model will be subject to specialist advice and any proposals will go through the County Council's normal approval processes.

- 6.9 The County Council reserves the right not to use the JV LLP structure, and to seek other avenues for developing or disposing of the County Council's land. The arrangements with DevCo, the Preferred Bidder and the County Council also clearly set out this right.
- 6.10 The loan arrangements for the equity investment will be classified as non-Treasury, 'other investments' under latest statutory guidance from MHCLG. These include loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party. From 1 April 2018, authorities are required to set a self-assessed limit on the value of such investments, and to include various disclosures in their Treasury Management or Investment Strategies.
- 6.11 The financial model for the first 12 sites to be developed by the JV requires a loan to fund HLL's equity contribution. These will be capital loans, required to be treated as capital expenditure. Similar loans would be required were HLL to undertake direct development.
- 6.12 As set out in Appendix 4, Cabinet are asked to recommend to County Council that for 2018/19 an upper limit of £50m is set for such investments. This, along with necessary disclosures on credit risk, will be included in a revised Investment Strategy to be brought to County Council as required, once full guidance is available.

7. Herts Living Ltd

- 7.1 The Delegations Matrix, attached as Appendix 2 sets out at what level decisions can be made within HLL by the Managing Director and other Directors on behalf of HLL only, and what decisions (that will be inherently more significant in nature) will need to be referred to the County Council as shareholder. The Delegations Matrix will be reviewed by the Council's shareholder representative and Board of Directors of the Company at the annual general meeting of HLL, or more frequently if desired by the shareholder representative.

- 7.2 On 10 July 2017 Cabinet delegated to Director of Resources to exercise the rights of the County Council as shareholder including attending and voting at meetings, and requesting the directors of HLL to take or refrain from taking action, as shareholder representative (“Shareholder Representative”). The Shareholder Representative is the first point of contact for the Directors on matters that require the consent of the County Council under the Delegation Matrix. Sitting above the Shareholder Representative will be a HLL Member Advisory Group , which will be comprised of elected members and also the Shareholder Representative (see below). The HLL Member Advisory Group will provide oversight and guidance in accordance with the Delegations Matrix attached as Appendix [2].
- 7.3 In line with accepted practice, HLL adopted the model articles of association on a temporary basis from incorporation of the company. The model articles of association are not suitable for a company in the long term that is wholly owned by a local authority and a revised set of articles has been prepared that reflects the fact that the company is wholly owned by the County Council. The Articles of Association were also revised to allow the incorporation of the Delegations Matrix referred to in section 7.1. The County Council retains an appropriate level of control of HLL through a provision in the Articles of Association that provides that it has the ability to instruct the directors to take, or to refrain from taking, any specified action.

8. Legal Structure

- 8.1 The terms of the Joint Venture agreement will allow HLL and the DevCo & Preferred Bidder to work together to bring forward sites for development. The legal structure permitting the joint working relationship will consist of a number of agreements with an overriding Partnership Agreement in place setting out the mechanisms upon which the Partnership will assemble the land, develop the asset and share the receipts.
- 8.2 In respect of the disposal of the land, the County Council must meet its duty under section 123 of the Local Government Act 1972, to secure best consideration reasonably obtainable and valuation advice will be sought to ensure this is the case for each specific disposal.
- 8.3 As set out in the previous reports to Cabinet, the County Council created HLL using its powers under section 1 of the Localism Act 2011, which provides the “general power of competence” (GEPOC) which permits the County Council to do any activity which an individual may do, for a commercial purpose subject to such being through a company, hence the creation of HLL. The JV partnership will be in the form of a LLP between HLL and the Preferred Bidder, which is within the County Council’s powers for HLL.

- 8.4 The County Council is empowered to advance HLL by way of a loan/loan notes by virtue of its powers of investment under s12 Local Government Act 2003 and the general power of competence under s1 of the Localism Act 2011. S12 of the Local Government Act 2003 permits the County Council to make investments (in this case by way of a loan) for the purpose of the prudential management of its financial affairs (the wider remit of the project being the increased financial returns available from entering in to the JV than would otherwise be the case). This power is supplemented by the general power of competence contained in s1 of the Localism Act 2011, which provides that a local authority has the power do the same things that an individual may do, which would include making loans.
- 8.5 Under each route, sums advanced by the County Council to HLL for the purpose of making HLL's investment into the JV for each site (by way of direct loan or by the issue by HLL of loan notes) could be secured by way of a legal charge over the relevant site(s). If a third party lender is required to provide funding to the JV LLP, that relevant lender will likely insist on taking a charge over the land. Providing in each case there is sufficient land value to allow for it, the County Council will have security for its own lending to HLL to fund the investment into the JV. In a scenario, where the bank and the County Council have security over the same land, the bank will likely require the County Council to enter into a deed of priority that sets out on a contractual basis the ranking of security (the bank security taking priority over the County Council's). The County Council's security would be effective unless a situation arises where the bank enforced its own loan, the land value had dropped (or the anticipated land value had not been achieved) and there was no longer enough value in the land to repay both the bank and the County Council.

9. Financial Implications

- 9.1 Specialist tax advisors have confirmed the suitability of the proposed LLP structure outlined in section 6 for the initial projects involving development of dwellings for sale. The Council's Treasury Management advisors have provided guidance on the accounting treatment of the land transfers and how the funding fits within the Council's Treasury Management and Capital Strategies.
- 9.2 Other structures have been considered but are not suitable for the initial housing projects, for legal or commercial reasons. However they may be suitable for future projects, and so will be considered as these are developed.
- 9.3 Given the scale of the development and the complexity of the delivery mechanisms, specific tax advice will be sought for individual sites as appropriate to address site or project specific issues. Cash flows for funding and profit distribution will be mapped and the tax liabilities for each stage will be considered.

10. The EU procurement position

- 10.1 The County Council has benefited from a very competitive EU procurement process and the evaluation process established the most advantageous tender, based on a 40:60 price/quality split. It would not be lawful to award to a bidder other than the Preferred Bidder who has been selected following rigorous assessment against the predetermined procurement criteria. The alternative to the award of contract is, therefore, to abandon the procurement which would lead to substantial wasted procurement costs, and require an alternative long term strategy to be established.
- 10.2 There are no grounds to delay the decision to award to the Preferred Bidder. To do so would delay the proposed benefits to the County Council, it would have a negative impact on the County Council's reputation and the credibility of its procurement process.

11. Share Certificate and Loan

- 11.1 The County Council will be the registered holder of one thousand, seven hundred and fifty ordinary fully paid up shares of £100 each in HLL (giving HLL a share capital of £175,000).
- 11.2 On completion of its investment in HLL, the County Council will be issued with a share certificate that evidences its shareholding. In addition, the County Council will be providing a loan to HLL in the sum of £325,000, on terms that are acceptable to the Director of Resources and Chief Legal Officer and agreed with the HLL Board of Directors.
- 11.3 HLL can be financed through a mix of equity (raising funds through the issue of shares in the company), and debt (a loan). In determining the value and purchase of the shares and provision of a loan/loan note, the requirements with regards to State Aid have been taken into account, ensuring that any financing the County Council makes to HLL is done at arm's-length commercial terms and in line with market practice. The County Council has considered the balance of debt to equity (i.e. its gearing). The gearing of HLL should be representative of a similar market participant/competitor. There will be no State Aid where it can be demonstrated that the gearing is in line with what would be expected under normal market economy conditions: the so-called Market Economy Operator Principle (MEOP). The Council has considered this and determined that 65% of the financing coming by way of debt and 35% by way of an equity investment will be in accordance with MEOP, and will ensure that the loan/loan note is on terms compliant with MEOP too.

12. Legal documents

- 12.1 As part of the procurement process, bidders were required to submit a developed suite of legal documents that accurately reflected their

financial model and wider submission. The summary below sets out the key documents to be signed at completion that form part of the Preferred Bidder's proposal, the signatories to these documents and some commentary on their purpose and key provisions.

Document	Signatories	Purpose and key provisions
LLP Partnership Agreement	(1) HLL (2) DevCo (3) JV LLP	<p>The partnership agreement regulates the relationship between HLL and the DevCo as a wholly owned subsidiary of the Preferred Bidder and captures the commercial arrangement in contractual form. The key provisions included are:</p> <ul style="list-style-type: none"> • The agreement of the objectives of the JV. • Identifying the potential development models that can be utilised, being joint development (to be used on most sites), direct development and land promotion. • Procurement of works and services by the JV. • The development and agreement of the JV business plan. • Financing the JV and contractually binding the Preferred Bidder via DevCo to their financial proposal. • Monitoring JV progress. • The distribution of profits and losses in the JV. • Management and control of the JV, including setting out the reserved matters requiring the consent of both HLL and Preferred Bidder. • Provisions dealing with conflicts of interests and how these situations are resolved • The process for identifying and dealing with deadlock situations. • Termination of the JV and wider exit arrangements.
Initial Sites Option Agreement	(1) County Council (2) HLL (3) JV LLP	<p>This agreement governs the process of transfer of the land from HLL (or the County Council) to the JV LLP for it to develop. Under the agreement, the JV LLP is granted an option to acquire the Initial Sites. Key provisions include:</p> <ul style="list-style-type: none"> • The option granted by the County Council/HLL to the JV LLP will come into effect at signature. • The JV LLP will then use reasonable endeavours to satisfy the site conditions that have been set out in the relevant scheme development plan, a document that will be agreed between HLL and the Preferred Bidder in relation to each Initial Site. The JV LLP will not be able to call on its

Document	Signatories	Purpose and key provisions
		<p>option before the site conditions are satisfied. The conditions to be satisfied include obtaining planning permission, agreeing the business plan for the site, obtaining suitable funding, obtaining all necessary consents and it passing a viability test.</p>
Development Management Agreement	(1) JV LLP (2) Preferred Bidder	<p>Under this agreement, the JV LLP will at completion appoint the Preferred Bidder to manage the developments and provide certain services to it. Preferred Bidder shall be contractually bound to provide these services to the JV LLP with reasonable skill and care and to take such actions as are to be expected of a properly qualified, experienced and competent property development manager. Briefly, the services to be provided are:</p> <ul style="list-style-type: none"> • Running the JV on a day-to-day basis • Pre-construction services • Construction and sales services • Any additional services relating to an alternate model in the case of a direct development or land promotion site. <p>In consideration for these the JV LLP will pay certain fees to Preferred Bidder for the services provided to it.</p>
Parent company guarantee	(1) Preferred Bidder (2) County Council	<p>As the DevCo is being used to enter into the JV LLP is a newly-incorporated vehicle, the Preferred Bidder is agreeing to guarantee the obligations of the Preferred Bidder under the partnership agreement.</p> <p>This parent company guarantee ensures that the County Council can rely on the more robust financial covenant offered by the Preferred Bidder.</p>

12.2 The documents described above contain the key provisions governing the relationship between HLL and the Preferred Bidder. Further legal documents will be entered into by HLL, which include:

- The loan note instruments that set out the terms of the loan notes issued by the JV LLP to each of HLL and Preferred Bidder;
- The forms of transfer and of lease to be used upon the call down by the JV LLP of the initial sites once the site conditions have been satisfied;
- Detailed heads of terms in relation to situations where the joint development model is not utilised and one of the direct development or land promotion models are adopted;

- Agreements that govern the development of a site that has been agreed by both parties as being a community project.
- 12.3 These documents are largely either mechanical in nature (e.g. the loan note instruments and the forms of transfer) or are agreements that will be negotiated between the parties in greater detail as and when they are required.

13. Risk

- 13.1 Given the substantial financial sums of money involved and the reputational impact that property development can have, risk registers at the County Council, Herts Living Limited and the joint venture vehicle will be maintained. At present the County Council has a live and up to date risk register for the project.
- 13.2 The main risk to the County Council in entering into the joint venture arrangement is the uncertainty of income flowing back to the County Council given the volatility of the property market; this is at least partially mitigated by the beneficial location of Hertfordshire, the relative stability of the County's property market and the operational flexibility that is available under the proposed routes. It is considered that the joint venture will provide greater certainty on land value income, as well as the County Council's share of developer's profit. The governance arrangements will ensure robust financial forecasting and delivery obligations are adhered to.

14. Equalities Implications

- 14.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the Equality implications of the decision that they are making.
- 14.2 Rigorous consideration will ensure that there is a proper appreciation of any potential impact of that decision on the county council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equality Impact Assessment (EqIA) produced by officers.
- 14.3 The Equality Act 2010 requires the County Council when exercising its functions to have due regard to the need to: (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

- 14.4 As property developments come forward full equality implications of the decisions are taken account of through local planning policy compliance.

Background Information

- Cabinet Agenda 10 July 2017
<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/516/Committee/8/SelectedTab/Documents/Default.aspx>
- Cabinet Agenda 13 March 2017
<https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/509/Committee/8/SelectedTab/Documents/Default.aspx>
- Cabinet Agenda 18th December 2017
<http://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/656/Committee/8/Default.aspx>

Appendix 1

The initial sites selected for the procurement exercise are:

1. Former Day Centre and Adjacent Property, South Oxhey (0.56 ha)
2. Former Meriden School Site Harvest End, Watford (0.18 ha)
3. Ariston Centre Heathlands, St Albans (2.63 ha)
4. Land fronting Dark Lane Dark Lane, Cheshunt (1.81ha)
5. Former Elderly Persons Home, Cheshunt (0.51ha)
6. Former Wormley School Site St Laurence Drive, Wormley (0.42ha)
7. Former Elderly Persons Home, Welwyn Garden City (0.25 ha)
8. Former Lonsdale School Former Lonsdale School Retained Land, Stevenage (2.02 ha)
9. Former Lannock School Whiteway, Letchworth (2.18 ha)
10. Former Elderly Persons Home, Letchworth (0.31 ha)
11. Land at Waterbeach Bericot Way, Waterbeach, Welwyn Garden City (0.71 ha)
12. Land at Bury Green Road Land at Bury Green Way, Cheshunt (3.78 ha)

Delegations Matrix

This Delegations Matrix is to be reviewed annually at the annual general meeting of Herts Living Limited.

Herts Living Limited and its Directors shall in all cases consider whether a matter set out in the Delegation Matrix below for decision by them may require reference to the Council, notwithstanding the delegations below (e.g. due to the reputational or other potential impacts on the Council as shareholder or otherwise). Any decision required to be made by Herts Living Limited that is not specifically covered in this Delegation Matrix shall in the first instance be referred to the Shareholder Representative who shall determine at what level the decision should be made by Herts Living and if it is a decision for the Council that has not been delegated to the Shareholder, in accordance with the Councils Constitution, then the Shareholder shall ensure that matter is referred to the Council for a decision. The decision of the Shareholder Representative shall be effective until the next annual general meeting of Herts Living Limited, at which point the decision shall be considered further by the Council and added to this Delegation Matrix if deemed appropriate.

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
	Corporate matters				
1	Amendments to this Delegation Matrix or any delegation policy adopted by Herts Living Limited from time to time	Guidance	Decision having sought guidance from MAG	Recommendation	
2	Approval and adoption of the Herts Living Limited Business Plan at each annual general meeting and material amendments as defined under the Business Plan thereto.	Guidance	Decision having sought guidance from MAG	Recommendation	
3	Material alteration, as defined under the Business Plan of the nature/scope of the Herts Living Limited business, closing down/commencing any new business, which is not ancillary or otherwise	Guidance	Decision having sought guidance from MAG	Recommendation	

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
	incidental to the Business Plan and/or Articles.				
4	Acquiring, disposing or agreeing to acquire or dispose of any tangible, physical asset of the business, any interest in any asset of the Business (including the exercise of an option).	Guidance if not ancillary to/or otherwise incidental to the Business Plan	Decision if above £1,000,000 (where ancillary or otherwise incidental to the Business Plan) Decision having sought guidance from MAG if not ancillary or otherwise incidental to the Business Plan	Decision If below £1,000,000 (one million pounds) per event (where ancillary or otherwise incidental to the Business Plan)	
5	Declaring or paying any distribution in respect of surpluses, assets or reserves of Herts Living Limited.	Guidance	Decision having sought guidance from MAG	Recommendation	
6	Forming any subsidiary.	Guidance	Decision having sought guidance from MAG	Recommendation	
7	Acquiring shares in any other company (subscription or transfer) or any other similar interest in another entity including a limited liability partnership or limited partnership, entering into joint ventures or partnerships or profit sharing.	Guidance	Decision having sought guidance from MAG where not ancillary to the Business Plan	Recommendation <u>or</u> decision where ancillary to the delivery of the Business Plan.	
8	Alteration of issued share capital (including creating new classes of shares or varying rights of existing classes), or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of	Guidance	Decision having sought guidance from MAG	Recommendation	

	Activity	HLL Member Advisory Group ("MAG")	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
	share capital, of Herts Living Limited.				
9	Making any petition or passing any resolution to wind up Herts Living Limited or making any application for an administration or winding up order or any order having similar effect in relation to Herts Living Limited or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator.	Guidance	Decision having sought guidance from MAG	Recommendation <u>or</u> decision if not to do so would place the directors in breach of their duties under Companies Act 2006 (or common law duties) or risk Herts Living Limited wrongfully trading	
	Operational matters				
10	Recruitment and selection of individuals.	Guidance	Decision having sought guidance from MAG for: (i) the appointment of the Managing Director for Herts Living Limited; and (ii) the appointment of officers of the Council as Directors of Herts Living Limited.	Decision To appoint Herts Living Limited Directors in a non-executive capacity in accordance with the articles of association.	Decision Herts Living Limited Managing Director authorised to appoint all other Herts Living Limited roles in accordance with best practice and to act as a responsible employer, in accordance with the Business Plan.

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
11	The authority for procurement and engagement of (and terms of engagement) for services, goods and works, as long as such is in accordance with EU procurement rules where applicable.	Guidance if not in accordance with the Business Plan	Decision if in accordance with the Business Plan and in excess of £10,000,000 (ten million pounds) (annualised) Decision having sought guidance from MAG if not in accordance with Business Plan.	Decision If in accordance with the Business Plan and between £5,000,001 (five million and one pounds) and £10,000,000 (ten million pounds) (annualised)	Decision If in accordance with the Business Plan and up to £5,000,000 in value. Managing Director can sign all contracts on behalf of Herts Living Limited (with the other directors where required) providing the decision to award is made in accordance with this part 11 of the delegations matrix.
12	The authority for procurement and engagement of (and terms of engagement) of contractors, as long as such is in accordance with EU procurement rules where applicable.	Guidance if not in accordance with the Business Plan	Decision if in accordance with the Business Plan and in excess of £10,000,000 (ten million pounds) (annualised) Decision having sought guidance from MAG if not in accordance with Business Plan.	Decision if between £5,000,001 (five million and one pounds) and £10,000,000 (ten million pounds) (annualised)	Managing Director can sign all contracts on behalf of Herts Living Limited (with the other directors where required) providing the decision to award is made in

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
					accordance with this part 12 of the delegations matrix.
13	Any other commitment to contract expenditure, as long as such is in accordance with EU procurement rules where applicable.	Guidance if not in accordance with the Business Plan	Decision in accordance with the Business Plan and in excess of £10,000,000 (ten million pounds) (annualised) Decision having sought guidance from MAG if not in accordance with Business Plan.	Decision if between £5,000,001 (five million and one pounds) and £10,000,000 (ten million pounds) (annualised)	Decision if in accordance with the Business Plan and up to £5,000,000 in value. Managing Director can sign all contracts on behalf of Herts Living Limited (with the other directors where required) providing the decision to award is made in accordance with this part 13 of the delegations matrix.
14	Acquisition or disposal of a property interest		Decision having sought guidance from MAG (where not ancillary or otherwise incidental to the Business Plan)	Decision (where ancillary or otherwise incidental to the Business Plan)	

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
15	Submission of any planning application (or appeals), entering into deeds (easements, wayleave, etc.) or other such matters, including leases, licenses and easements.				Decision
16	Termination of or variation to secondment arrangements (depending on to which company)			Decision	Recommendation
17	Entry into confidentiality agreements (depending on which company is giving).			Decision	Recommendation
18	Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against Herts Living Limited, except in relation to debt collection, anti-social behavior orders, damage to property by tenants and other matters that may require litigation in the ordinary course of business, (where the claim, proceedings or other litigation has a potentially material impact on the reputation of the Council/Herts Living Limited or has a potential material cost implication for the Council or Herts Living Limited.		Approval required where the claim, proceedings or other litigation has, in the reasonable opinion of the Herts Living Limited Board, a potentially material impact on the reputation of the Council/Herts Living Limited or has a potential material cost implication for the Council/Herts Living Limited	Decision All claims, proceedings or other litigation not subject to column 4 (“the Council as Shareholder of Herts Living Limited”).	Recommendation

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
19	Termination by Herts Living Limited of any of its contracts, where this will have a material impact on the delivery of services or financial returns to the Council or by the Council.	Guidance	Decision having sought guidance from the MAG (where not ancillary or incidental to the Business Plan including, for the avoidance of doubt, the termination of any joint venture entered into by Herts Living Limited)	Recommendation	
20	Entering into material contracts not contemplated by the Business Plan or based on decisions taken by the Executive/Council.	Guidance	Decision having sought guidance from the MAG	Recommendation	
21	Disposing of a <u>substantial</u> part of the business and/or assets outside of the scope of Business Plan.	Guidance	Decision having sought guidance from the MAG	Recommendation	
	Finance				
22	Approval of statutory accounts.			Decision	
23	Changing accounting and reporting policies of Herts Living Limited.	Guidance	Decision having sought guidance from the MAG	Recommendation	
24	Approving the repayment of any external loans.	Guidance	Decision having sought guidance from the MAG (only when relating to early repayment)	Decision unless decision relates to early repayment	
25	Entering into (or agreeing to enter into) any	Guidance	Decision above	Decision	

	Activity	HLL Member Advisory Group (“MAG”)	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
	borrowing or leasing arrangement in relation to working capital and giving any security in respect of any such borrowing or leasing (including creating any encumbrance over the whole or any part of the undertaking or assets of Herts Living Limited or over any capital of Herts Living Limited).		£1,000,001 (one million and one pounds) having sought guidance from the MAG	Up to £1,000,000 (one million pounds)	
26	Appointment of auditors.			Decision	
27	Giving a guarantee, suretyship, bond or indemnity to secure the liabilities of any person or assume the obligations of any person.	Guidance	Decision having sought guidance from the MAG if above £5,000,000 (five million pounds) (calculated on a cumulative basis)	Decision Up to £5,000,000 (five million pounds) (calculated on a cumulative basis)	
28	Write down of Herts Living Limited asset value, or writing off debts.	Guidance	Decision having sought guidance from the MAG if above £1,000,000 (one million pounds) per event	Below £500,000 (five hundred thousand pounds)	
29	Making any agreement with any revenue authorities or any other taxing authority or making a claim, disclaimer, election or consent in relation			Decision	

	Activity	HLL Member Advisory Group ("MAG")	The Council as Shareholder of Herts Living Limited acting by the Director of Resources as Shareholder Representative	Herts Living Limited Board	Herts Living Limited Director(s)
	to Herts Living Limited, its/ their business, assets or undertakings.				

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
HERTS LIVING LIMITED
Company number 10947722
Adopted by special resolution on
2018

Introduction

1. INTERPRETATION

- 1.1. The following definitions and rules of interpretation apply in these Articles:

Act: means the Companies Act 2006.

Articles: means the company's articles of association for the time being in force.

Business Day: means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Controlled Company: means a company within the meaning of Regulation 1(4) of the Local Authorities (Companies) Order 1995.

Council: means Hertfordshire County Council of County Hall, Pegs Lane, Hertford, Hertfordshire SG13 8DE.

Eligible Director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).

Executive Director: means a director appointed in accordance with these Articles who is the managing director of the Company (and who is not, for the avoidance of doubt, an Officer Director).

Model Articles: means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*).

Officer Director: means a director who is an officer of the Council.

- 1.2. The Model Articles shall not apply to the Company.
- 1.3. Save as otherwise specifically provided in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

- 1.4. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.5. A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.6. Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the Company.
- 1.7. A reference to a statute or statutory provision shall include all subordinate legislation made as at the date on which these Articles become binding on the Company under that statute or statutory provision.
- 1.8. Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

Local authority company

2. DIRECTORS' GENERAL AUTHORITY

- 2.1. Subject to the Articles, (including but not limited to this article 2 and article 3), the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.
- 2.2. Any matters which require the consent of the Council pursuant to the delegation matrix from time to time shall not be carried out without the prior written consent of the Council and each of the directors shall use their respective rights and powers to procure, so far as they are each able, that no such matter is carried out unless the required consent has been given. In particular no amendment or variation to the delegation matrix which would reduce or limit those matters which require the consent of the Council shall be approved by the Company without the prior written consent of the Council.
- 2.3. The directors shall exercise the powers of the Company ensuring at all times that:
 - 2.3.1. for so long as the Company is a Controlled Company, the Company shall not engage in activities for party political purposes or publish, or arrange for the publication of, any material which, in whole or in part, appears to be designed to affect public support for a political party;
 - 2.3.2. for so long as the Company is a Controlled Company, the Company shall not give financial or other assistance to a person for the publication of material which the Company is prohibited by article 2.3.1 from publishing itself; and
 - 2.3.3. for as long as the Company is a Controlled Company, the Company shall have mentioned on all documents (being of any kind mentioned in section 82 of the Act) the facts that it is a company controlled by the Council, a local authority.

3. COUNCIL RESERVED POWER

- 3.1. The Council may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 3.2. No such special resolution invalidates anything which the directors have done in accordance with the powers available to them before the passing of the resolution.

Decision-making by directors

4. DIRECTORS TO MAKE DECISIONS COLLECTIVELY

- 4.1. The general rule about decision-making by directors is that any decision of the directors must be a majority decision taken in one of the following ways:
 - 4.1.1. at a meeting of the directors;
 - 4.1.2. by written resolution, copies of which have been signed by a majority of the Eligible Directors or to which a majority of the Eligible Directors have otherwise indicated agreement in writing; or
 - 4.1.3. by a majority of the Eligible Directors indicating to each other, by any means, that they share a common view on a matter.
- 4.2. A decision may not be taken in accordance with articles 4.1.1 or 4.1.3 if the Eligible Directors purporting to take the decision would not have formed a quorum at such a meeting.

5. CALLING A DIRECTORS' MEETING

- 5.1. Meetings of the directors will take place on a quarterly basis with the date of each quarterly meeting to be notified to each director on not less than 10 Business Days' notice (or such lesser notice as all the directors may agree).
- 5.2. In addition and without prejudice to article 5.1, any director may call a directors' meeting by giving not less than 5 Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.
- 5.3. Notice of any directors' meeting must indicate:
 - 5.3.1. its proposed time and date;
 - 5.3.2. where it is to take place;
 - 5.3.3. an agenda for the meeting setting out in reasonable detail the items to be discussed at the meeting; and
 - 5.3.4. if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 5.4. Notice of a directors' meeting shall be given to each director in writing (which includes by email).

6. PARTICIPATION IN DIRECTORS' MEETINGS

Any or all of the directors may participate in a meeting of the directors by means of conference telephone or conference video or similar communications equipment so that all persons participating in the meeting can hear each other and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting and subject to these Articles and the Act, a director shall be entitled to vote and be counted in the quorum accordingly.

7. QUORUM FOR DIRECTORS' MEETINGS

- 7.1. No business shall be transacted at any directors' meeting unless a quorum is present.
- 7.2. For as long as an Executive Member is appointed to the board, the quorum shall be three (3) directors consisting of two (2) Officer Directors and the Executive Director. If the Company does not for the time being have an Executive Director appointed to the board, the quorum shall be two Officer Directors.
- 7.3. For the purposes of any meeting (or part of a meeting) held pursuant to article 10.2 or 11.2 to authorise a director's conflict, if there is only one Eligible Director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 7.4. If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
 - 7.4.1. to appoint further directors; or
 - 7.4.2. to call a general meeting so as to enable the shareholders to appoint further directors.

8. CHAIRING OF DIRECTORS' MEETINGS

- 8.1. The directors may appoint a director to chair their meetings. For as long as an Executive Director is appointed to the board, such Executive Director shall chair the meetings of directors. If the Company does not for the time being have an Executive Director appointed to the board, the directors may appoint an Officer Director to chair their meetings.
- 8.2. The person so appointed for the time being is known as the Chair.
- 8.3. The directors may with the consent of the Council terminate the Chair's appointment at any time and appoint a replacement.
- 8.4. If the Chair is not participating in a directors' meeting within fifteen minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

9. CASTING VOTE

If the numbers of votes for and against a proposal at a meeting of directors are equal, the Chair or other director chairing the meeting shall have a casting vote.

10. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 10.1. For the purposes of this article 10 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of that director.
- 10.2. Whenever a director has an interest in a matter to be discussed at a meeting of the directors, the director concerned shall declare such interest in accordance with the Act at or before discussions begin on the matter and unless either the board resolves otherwise or his interest in a matter arises solely as a result of his employment by the Council, the director shall:
 - 10.2.1. not be considered an Eligible Director for that item;
 - 10.2.2. not be counted in the quorum for that part of the meeting; and
 - 10.2.3. not be entitled to vote on the matter.
- 10.3. For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 10.4. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director of than the chair is to be final and conclusive.
- 10.5. If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting and quorum purposes.

11. DIRECTORS' CONFLICTS OF INTEREST

- 11.1. The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (and "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest (a "**Conflict**").
- 11.2. Any authorisation under this article 11 will be effective only if:
 - 11.2.1. the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - 11.2.2. any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 11.2.3. the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 11.3. For the purposes of sections 175 and 180(4) of the Act and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict as a result of

his also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he may become) an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the Council, its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies (as such terms are defined in section 1159 of the Act) or any of its shareholders.

- 11.4. No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the Act as a result of, and no authorisation is required in respect of, any Conflict envisaged by article 11.3 having arisen or existing in relation to him.

12. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

13. NUMBER OF DIRECTORS

Unless otherwise determined by special resolution, the number of directors shall not be less than four (4) but shall not exceed six (6).

14. APPOINTMENT OF DIRECTORS

- 14.1. Notwithstanding any other provisions of these Articles, the Council may at any time and from time to time appoint any person (including, without limitation, an Executive Director) to be a director or remove any director from office. Every such appointment or removal shall be effected by notice in writing and signed by on behalf of the Council. Such notice shall take effect immediately (or on such later date, if any, specified in the notice), upon deposit of the notice at the registered office of the Company marked for the attention of the directors.
- 14.2. Subject to the approval of the Council, the board of directors may appoint a person (including, without limitation, an Executive Director) who is willing to act as a director either to fill a vacancy or as an additional director including the appointment of a director for a fixed term.
- 14.3. No person may be appointed as a director in such circumstances such that he or she would have been disqualified from acting under the provisions of article 15.

15. TERMINATION OF DIRECTORS' APPOINTMENT

- 15.1. A person ceases to be a director as soon as:
- 15.1.1. that person ceased to be a director by virtue of any provision of the Act or is prohibited from being a director by law;
 - 15.1.2. a bankruptcy order is made against that person;
 - 15.1.3. a composition is made with that person's creditors generally in satisfaction of that persons' debts;

- 15.1.4. a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- 15.1.5. by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- 15.1.6. a director admits guilt to or is convicted by a court of competent jurisdiction of an offence involving dishonesty or for an offence that results in a custodial prison sentence;
- 15.1.7. notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- 15.1.8. in the case of an Executive Director, that person ceases to be engaged by the Company; or
- 15.1.9. in the case of an Officer Director, that person ceases to be an officer of the Council.

16. DIRECTORS' EXPENSES

- 16.1. The Company may pay reasonable expenses which the directors properly and reasonably incur in connection with their attendance at:
 - 16.1.1. meetings of directors or committees of directors; or
 - 16.1.2. general meetings.
- 16.2. Directors' expenses shall be paid in accordance with any rules or procedures authorised by the Council.
- 16.3. For so long as the Company is a Controlled Company, the Company shall not pay a director who is an Officer Director expenses in respect of the carrying out of any duty on behalf of the Company in excess of the greatest amount which would for the time being be payable by the Council if the relevant duty were an approved duty for the purposes of section 174 of the Local Government Act 1972.

17. SECRETARY

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

Shares and distributions

18. ALL SHARES TO BE FULLY PAID UP

- 18.1. No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

19. POWER TO ISSUE DIFFERENT CLASSES OF SHARE

- 19.1. Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 19.2. The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company and the directors may determine the terms, conditions and manner of redemption of any such shares.

20. COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the shareholder's absolute ownership of it and all the rights attaching to it.

21. SHARE CERTIFICATES

- 21.1. The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 21.2. Every certificate must specify:
 - 21.2.1. in respect of how many shares, of what class, it is issued;
 - 21.2.2. the nominal value of those shares;
 - 21.2.3. that the shares are fully paid; and
 - 21.2.4. any distinguishing numbers assigned to them.
- 21.3. No certificate may be issued in respect of shares of more than one class.
- 21.4. If more than one person holds a share, only one certificate may be issued in respect of it.
- 21.5. Certificates must:
 - 21.5.1. have affixed to them the Company's common seal, or
 - 21.5.2. be otherwise executed in accordance with the Act

22. REPLACEMENT SHARE CERTIFICATE

- 22.1. If a certificate issued in respect of a shareholder's shares is:
 - 22.1.1. damaged or defaced; or
 - 22.1.2. said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 22.2. A shareholder exercising the right to be issued with such a replacement certificate:
 - 22.2.1. may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - 22.2.2. must return the certificate which is to be replaced to the company if it is damaged or defaced; and

- 22.2.3. must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the director decide.

23. SHARE TRANSFERS

- 23.1. Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors which is executed by or on behalf of the transferor.
- 23.2. No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 23.3. The Company may retain any instrument of transfer which is registered.
- 23.4. The transferor remains the holder of share until the transferee's name is entered in the register of members as holder of it.
- 23.5. The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

24. TRANSMISSION OF SHARES

- 24.1. If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 24.2. A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
 - 24.2.1. may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person; and
 - 24.2.2. subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had
- 24.3. But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

25. EXERCISE OF TRANSMITTEES' RIGHTS

- 25.1. Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 25.2. If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it and obtain approval from the directors.
- 25.3. Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

26. TRANSMITTEES BOUND BY PRIOR NOTICES

- 26.1. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

Dividends and other distributions

27. PROCEDURE FOR DECLARING DIVIDENDS

- 27.1. The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 27.2. A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 27.3. No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 27.4. Unless the ordinary resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the ordinary resolution or decision to declare or pay it.
- 27.5. If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 27.6. The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 27.7. If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

28. PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 28.1. Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 28.1.1. transfer to a bank or building society account specified by the recipient either in writing or as the directors may otherwise decide;
 - 28.1.2. sending a cheque made payable to the recipient by post at its registered address (if the recipient is a holder of the share), or (in any other case) to an address specified by the recipient either in writing or as the directors may otherwise decide;
 - 28.1.3. sending a cheque made payable to such person by post to such person at such address as the recipient has specified either in writing or as the directors may otherwise decide; or
 - 28.1.4. any other means of payment as the directors agree with the recipient either in writing or by such other means as the directors decide.

29. NO INTEREST ON DISTRIBUTIONS

29.1. The Company may not pay interest on any dividend or other sum available in respect of a share unless otherwise provided by:

29.1.1. the terms on which the share was issued; or

29.1.2. with the permission of the directors

30. UNCLAIMED DISTRIBUTIONS

30.1. All dividends or other sums which are:-

30.1.1. payable in respect of shares; and

30.1.2. unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

30.2. The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

30.3. If:

30.3.1. twelve years have passed from the date on which a dividend or other sum became due for payment; and

30.3.2. the recipient has not claimed it,

the recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

31. NON-CASH DISTRIBUTIONS

31.1. Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

31.2. For the purposes of paying a non-cash distribution, the directors may propose that the directors approve the:

31.2.1. fixing the value of any assets;

31.2.2. paying cash to any recipient on the basis of that value in order to adjust the rights of the recipient; and

31.2.3. vesting any assets in trustees.

32. WAIVER OF DISTRIBUTIONS

32.1. A recipient may waive its entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

32.1.1. the share has more than one holder; or

- 32.1.2. more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise, the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

Capitalisation of Profits

33. AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

- 33.1. Subject to the Articles and obtaining the prior written consent of the Council, the directors may, if they are so authorised by an ordinary resolution:
 - 33.1.1. decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
 - 33.1.2. appropriate any sum which they so decide to capitalise (a "Capitalised Sum") to the person who would have been entitled to it if it were distributed by way of dividend (the "Persons Entitled") and in the same proportions.
- 33.2. Capitalised Sums must be applied:
 - 33.2.1. on behalf of the persons entitled; and
 - 33.2.2. in the same proportions as a dividend would have been distributed to them.
- 33.3. Any Capitalised Sum may be applied in paying up new shares of a nominal amount equal to the Capitalised Sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 33.4. A Capitalised Sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credit as fully paid to the persons entitled or as they may direct.
- 33.5. The directors may:
 - 33.5.1. apply Capitalised Sums in accordance with articles 31.3 partly in one way and partly in another;
 - 33.5.2. make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
 - 33.5.3. authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of share and debentures to them under this Article.

Decision-making by shareholders

34. SINGLE SHAREHOLDER COMPANY

- 34.1. If at any time and for so long as the Company has a single shareholder all provisions of these Articles shall (in the absence of any expressed provision to the contrary)

apply with such modifications as may be necessary in relation to a company with a single shareholder.

35. GENERAL MEETINGS

- 35.1. Notwithstanding the provisions of the Act, the Company shall hold an annual general meeting (an **AGM**) in addition to any other general meetings that may be called.
- 35.2. An AGM shall be called by at least twenty-one clear days' notice or such shorter notice period on the agreement of all shareholders entitled to attend and vote.
- 35.3. A notice called an AGM shall specify the time and place of the meeting and the general nature of the business to be transacted.

36. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 36.1. A person is able to exercise the right to speak at a general meeting when that person is in a position communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.2. A person is able to exercise the right to vote at a general meeting when:
 - 36.2.1. that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - 36.2.2. that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 36.3. The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 36.4. In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 36.5. Two or more persons who are not in the same place as each attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

37. QUORUM FOR GENERAL MEETINGS

- 37.1. One person entitled to vote upon the business to be transferred, each being a member or a proxy for a member, shall be a quorum.
- 37.2. If and for so long as the Company has only one shareholder, then the sole shareholder or a duly authorised representative of the shareholder shall be a quorum.
- 37.3. The directors shall resolve to appoint a chairman of the meeting (the "Chair").

38. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS

- 38.1. Directors may attend and speak at general meetings, whether or not they are shareholders.
- 38.2. The Chair of the meeting may permit other persons who are not:

- 38.2.1. shareholders of the company; or
 - 38.2.2. otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting, at his or her discretion.

39. ADJOURNMENT

- 39.1. If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chair must adjourn it.
- 39.2. The Chair may adjourn a general meeting at which a quorum is present if:
 - 39.2.1. the meeting consents to an adjournment; or
 - 39.2.2. it appears to the Chair that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 39.3. The Chair must adjourn a general meeting if directed to do so by the meeting.
- 39.4. When adjourning a general meeting, the Chair must:-
 - 39.4.1. either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
 - 39.4.2. have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 39.5. If the continuation of an adjourned meeting is to take place more than fourteen (14) days after it was adjourned, the company must give at least seven (7) clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):-
 - 39.5.1. to the same persons to whom notice of the company's general meetings is required to be given; and
 - 39.5.2. containing the same information which such notice is required to contain.
- 39.6. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

40. VOTING

On a vote on a resolution on a show of hands, every shareholder who is present in person or (being a corporation) is present by a duly authorised representative shall have one vote only.

41. ERRORS AND DISPUTES

- 41.1. No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to, is tendered, and every vote not disallowed at the meeting is valid.
- 41.2. Any such objection must be referred to the Chair whose decision is final.

42. POLL VOTES

- 42.1. A poll on a resolution may be determined:-
- 42.1.1. In advance of the general meeting where it is to be put to the vote; or
 - 42.1.2. at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 42.2. A poll may be demanded by:
- 42.2.1. the Chair;
 - 42.2.2. the directors;
 - 42.2.3. two or more persons having the right to vote on the resolution; or
 - 42.2.4. a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- 42.3. A demand for a poll may be withdrawn if:
- 42.3.1. the poll has not yet been taken; and
 - 42.3.2. the Chair consents to the withdrawal.
- 42.4. Polls must be taken immediately and in such manner as the Chair directs.

Administrative arrangements

43. MEANS OF COMMUNICATION TO BE USED

- 43.1. Subject to the articles, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 43.1.1. if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 43.1.2. if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - 43.1.3. if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - 43.1.4. if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
 - 43.1.5. if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; or
 - 43.1.6. if deemed receipt under the previous paragraphs of this article 43.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed

receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

- 43.2. To prove service, it is sufficient to prove that:
- 43.2.1. if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
 - 43.2.2. if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
 - 43.2.3. if sent by post the envelope containing the notice was properly addressed, paid for and posted; or
 - 43.2.4. if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

44. INDEMNITY

- 44.1. Subject to article 44.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
- 44.1.1. each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:
 - i. in the actual or purported execution and/or discharge of his duties, or in relation to them; and
 - ii. in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and
 - 44.1.2. the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 44.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.
- 44.2. This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 44.3. In this article:
- 44.3.1. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

- 44.3.2. a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

45. INSURANCE

- 45.1. The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.
- 45.2. In this article:
- 45.2.1. a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);
- 45.2.2. a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and
- 45.2.3. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Proposed Report to County Council - Addition to Capital Strategy 2018/19

Background

Local Authorities are required to comply with revised Statutory Guidance from MHCLG on local government investments from 1 April 2018. Authorities are also required to prepare Treasury Management and Investment Strategies for approval by Full Council, covering both Treasury and non-Treasury investments. Detailed guidance on the preparation of these strategies (being prepared by CiPFA) is not yet available, and MHCLG recognise that it may not have been practical to include them in authorities' Investment and Treasury Management Strategies approved for 2018/19.

Where Local Authorities currently prepare a Capital Strategy in line with the Prudential Code, and a Treasury Management Strategy in line with the Treasury Management Code, the disclosures required by the new Investment Guidance can be incorporated into these documents as opposed to a separate Investment Strategy.

Revised Strategies will be brought to Council for approval as required, once full guidance is available. There is a new requirement that local authorities include disclosures on non-Treasury investments, including loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party. This report details the proposed limit and disclosure relating to non-treasury investments, including loan arrangements arising from the property Joint Venture.

Proposed Addition to Investment Strategy

The proposed Joint Venture (JV) model for Herts Living Ltd requires equity in the form of land value to be contributed to the JV. Legal advice on S123 Best Consideration requires this land value to be recognised as a loan or loan note at the point of land transfer. The equity invested by HLL into the JV will be funded by a loan between the Council and HLL, repayable when the land is developed and sold. The purpose of the loan and subsequent investment is to generate enhanced capital receipts from surplus land, whilst also working in partnership to deliver housing within Hertfordshire.

The loans will be capital loans, required to be treated as capital expenditure. Depending on the route for land transfer, there may be a need to provide a loan for the whole land value, although the loan amount above equity would be immediately offset by a repayment from the land consideration.

Some further loans may be made to HLL, to cover operational costs – as these will be service loans financing revenue costs these will not be capital expenditure. Similar loans may be made to other subsidiaries or entities.

As these arrangements will fall within the definition of non-Treasury investment, the revised Investment Strategy will set a self –assessed limit for such loans. To cover

all potential loan requirements, an upper limit of **£50m** for 2018/19 is proposed. This is deemed proportionate: although it is 6% of net revenue budget, some of the initial capital receipts could be held to cover any non-repayment of loans.

An allowed “expected credit loss” model for loans and receivables, as set out in International Financial Reporting Standard (IFRS) 9 *Financial Instruments* as adopted by proper practices, will be used to measure the credit risk of the Council’s loan portfolio.

Credit risk will be managed by the Council’s oversight of management information from the JV and HLL, which will signal any emerging issues and allow mitigating action to be taken.