

Establishing an Assets and Investments Sub-Committee

To: Constitution and Ethics Committee

Meeting Date:

From: Chris Malyon, Chief Finance Officer

Electoral division(s): All

Purpose: To consider the need for establishing a Sub-Committee of General Purposes Committee in order to determine the most efficient and effective governance arrangements for the administration of property investment and disposal matters.

Recommendation: The Constitution and Ethics Committee is invited to:

- consider the issues set out in this report.
- recommend to Council whether it believes the establishment of a Sub-Committee will assist in the effective governance of decisions appertaining to the management of the Council's property and asset portfolio.

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1. BACKGROUND

- 1.1 In May 2015 General Purposes Committee, in recognition of the number and detail of property related matters that were being considered by the Committee, agreed to the establishment of a Member Group to consider proposals in advance of coming before the Committee.
- 1.2 The Group (Investment Review Group(IRG)) has no decision making powers and is not proportionately representative. Membership of the Group has varied, and attendance has been inconsistent for understandable reasons.
- 1.3 The current membership of IRG is Councillors Hickford, Bullen, Jenkins, and Sales. The Independent Group decided not to have a representative on the Group.
- 1.4 The raison d'être for the establishment of IRG was to assist the decision making process regarding property related matters. For a number of reasons the approach adopted, whilst increasing the discussion and approach around various property related investments and decisions, has not proven to be as effective as had originally been anticipated.

2. ISSUES WITH THE CURRENT PROCESS

- 2.1 There is no question that the number of property and asset proposals that require Member input are exponentially increasing compared to other matters within the democratic arena. This is driven by a number of major programmes that are supporting the delivery of the Council's overall objectives. These include the Property Rationalisation Programme, the Housing Development Programme (including the work of the Housing Development Agency), the Community Resilience Programme, the Transformation Programme, the Making Assets Count Programme, the emerging Older Persons' Accommodation Strategy, and other service-led initiatives involving property.
- 2.2 The amount of business under consideration by IRG is such that it is not possible to cover the items within the time allocated for the monthly meeting. In March an additional meeting was arranged at short notice in order to cover the 'overspill' and even with this additional two hours a number of items could not be covered in significant depth.
- 2.3 The establishment of a Sub-Committee would not diminish the workload, but would improve the governance and decision making processes. As IRG has no decision making powers and there is a lack of clarity over the role and responsibilities of the Group, the same matters are considered at various democratic points. IRG shape the content and nature of proposals that are subsequently debated and re-shaped at Group Leaders before consideration by General Purposes Committee where the same debate takes place.
- 2.4 Were a Sub-Committee to be established, it would be democratically proportionate and would have the ability to make decisions, within certain parameters, without recourse to General Purposes Committee. This would enable the Sub-Committee to consider, in the same level of detail as IRG, proposals and to make decisions based on the evidence presented to the Sub-Committee. It is difficult to manage this level of detail at General Purposes Committee given the amount of other matters under consideration. It will also ensure that a detailed level of knowledge and understanding is developed by a group of Members on the overall property and investment portfolio.

- 2.5 Attendance at IRG has for understandable reasons been inconsistent. This makes the operation of IRG ineffective as a governance vehicle. On some occasions only one member has been able to attend. Were a Sub-Committee to be established the meetings would be part of the democratic calendar and substitutes would be allowed to attend in the absence of the normal representative.
- 2.6 The Governance arrangements would be significantly enhanced through the establishment of a Sub-Committee. The meetings would be properly minuted, agendas would be published and the meetings would be public meetings subject to access to information procedure rules as set out in the Council's Constitution. The roles and parameters of the Sub-Committee would be clarified and therefore transparent for all to see. Some frustration was expressed at the last meeting of IRG that they had no decision making powers and therefore could only act as a sounding board. Properly constituting the functions of IRG into a Sub-Committee would give real purpose to the contributions of those Members.
- 2.7 Whilst the programme of activity under consideration by IRG is constantly growing there is no doubt that it will increase significantly in the coming year. As detailed business cases start to come forward it will be challenging to manage these through the workload of General Purposes Committee other than very superficially. This may not be the case in perpetuity and therefore were it agreed to establish a Sub-Committee, it is proposed that this be reviewed annually to ensure its applicability in light of the workload for the following financial year.
- 2.8 A key role that needs to be established going forward will be the 'client' function in respect of the property special purpose vehicle (SPV). Whilst not yet formalised, once established there will need to be a separation of the roles of those on the Board of the SPV and that of a client. Whilst the vehicle is likely to be wholly owned by the Council, Members who sit on the Board of Directors have a different set of responsibilities and duties to the Company. The establishment of a Sub-Committee will enable this democratically accountable body to ensure the interests of the Council are protected and monitored.

3. PROPOSAL TO ESTABLISH A SUB-COMMITTEE

- 3.1 The proposal set out in this paper is for the establishment of a Sub-Committee in order to support the successful delivery of the property and investment programmes. This would include undertaking the client function of the property SPV once it becomes operational.
- 3.2 Attached as an Appendix to this report is a draft Terms of Reference for consideration by the Constitution and Ethics Committee.
- 3.3 It is believed that the current workload of IRG justifies the need for a Sub-Committee however it is recognised that this might not always be the case and therefore the Terms of Reference allow for a review of the need for the Sub-Committee should this workload diminish.

4.0 BENEFITS OF ESTABLISHMENT OF A SUB-COMMITTEE

4.1 The benefits of establishing a Sub-Committee have been set out in this report but are also summarised below. The Sub-Committee:

- Would be proportionately representative and would allow deputies.
- Will improve Member engagement in the development and management of investment proposals.
- Will enable a small group of members to effectively examine a matter requiring detailed consideration.
- Will improve the efficiency of decision making.
- Will increase transparency and public accountability.

Source Documents	Location
None	

ASSETS AND INVESTMENTS SUB-COMMITTEE

Membership

Any seven members (including substitutes) of General Purposes Committee, subject to political proportionality.

Summary of Functions

The Sub-Committee has delegated authority to exercise the County Council's functions, other than those reserved to General Purposes Committee, in respect of the following:

- The Property and Asset Investment Programme
- The Property Rationalisation Programme

Delegated Authority	Delegation/ Condition
To review the Council's asset portfolio to identify opportunities and develop policies to reduce the financial impact on the Council's operating position and strengthen its financial sustainability	
To approve and monitor the Council's Asset Strategy.	
To approve the Council's Asset Management Plan, annually, and as a consequence: <ul style="list-style-type: none"> - Consider and approve Asset Plans as they fall due for review - Recommend annual budget proposals from applicable Asset Plans for approval by General Purposes Committee - Monitor the delivery of the asset plans throughout the year 	
To consider and evaluate investment proposals for the acquisition of land, and make recommendations to, General Purposes Committee for the inclusion of viable investments within the Business Plan.	
To monitor all property investment proposals included within the Business Plan to ensure successful delivery.	
To consider and approvedisposals for less that best consideration. Any proposals that constitute a key decision will be referred to General Purposes Committee for consideration with the Sub-Committee's recommendation.	
To approve the granting of variations, renewal, and termination of leases, licenses, dedications, and easements.	

Delegated Authority	Delegation/ Condition
To consider and approve the use of Council owned assets by the local community and other interested parties. Any proposals that constitute a key decision will be referred to General Purposes Committee for consideration with the Sub-Committee's recommendation.	
<p>To promote all property investment opportunities for inclusion within the Council's Business Plan:</p> <ul style="list-style-type: none"> • Consider, evaluate, and agree potential property disposals and investment opportunities • Consider business cases for the sale of assets to the Council's Property Special Purpose Vehicle (SPV) for inclusion within the Business Plan • Approve final business cases, that have been approved within the Business Plan, for the sale of assets to the Council's Property SPV 	
To act as the Shareholder Committee for the purposes of the scrutiny of the Council's Property SPV.	
To work with officers to facilitate/promote the development of proposals for sharing property with partner organisations.	
To consider and recommend property rationalisation proposals for inclusion within the Business Plan.	
To approve property rationalisation proposals that are in accordance with the Business Plan.	
To consider and make recommendations to the General Purposes Committee for property rationalisation proposals that are outside of the agreed Business Plan.	