

Report Title:	Review of Council's Governance of RBWM PropCo
Contains Confidential or Exempt Information	No
Cabinet Member:	Councillor Johnson, Cabinet Member for Property
Meeting and Date:	4 October 2021 - Corporate Overview and Scrutiny Panel
Responsible Officer(s):	Duncan Sharkey, Chief Executive
Wards affected:	None

REPORT SUMMARY

1. In June 2020, CIPFA reported to Cabinet on their governance review including financial management arrangements of the Council and an action plan was developed to respond to issues that they raised. One of the actions identified was to 'Review current partnership arrangements with the property company and to identify common purpose and goals for both partners.' This review supports this action.

2. The Council commissioned 31ten Consulting Limited (31ten) to undertake a review of the current governance arrangements in the Council for managing the RBWM Property Company (PropCo). They were asked to highlight both best practice examples as well as areas where the current arrangements could be improved.

3. Their detailed report has been finalised. Cabinet considered the report in July 2021 and have asked that Corporate Overview and Scrutiny Panel consider the action plan arising and monitor it as part of their annual work programme.

4. This report contains that action plan and a revised statement of purpose for the PropCo for consideration and comment by this Panel.

RECOMMENDATION: That Corporate Overview and Scrutiny Panel notes the report and:

- i) Offers any comments or suggested areas for further consideration.**

1. BACKGROUND

1.1 As part of the response to the CIPFA governance report that was considered by Cabinet in June 2020, a recommendation was made to review the governance arrangements of the PropCo. In March 2021, an external company with expertise in this area were commissioned to consider the following areas:

- Consider the expected governance arrangements as detailed in the source legal documents

- Identify where there is any deviation to processes and identify any potential impacts from these deviations
 - Considering latest best practice, suggest improvements identified through other similar reviews
 - Learn any lessons from recent Public Interest Reports into governance deficiencies at other council owned companies so that the council can reduce such risks
 - Consider potential Key Performance Indicators (KPIs) that could be used to measure the PropCo against typical objectives to ensure that they are relevant, understandable and give a clear indication on risks
- 1.2 The detailed review includes the background to why council companies can be set up and the reasons that they can contribute to council priorities. It also details the specific background around this council's property company.
- 1.3 Overall 31Ten identified no significant risks with the PropCo as the current arrangements do not speculatively fund development unlike other councils. Further the benefits of the PropCo both in terms of value for money, savings/costs avoided, and social good are clear to see.
- 1.4 The benefits of the PropCo also include the added value that the company has brought through being able to attract different commercial skills than the Council would otherwise be able to maintain. The PropCo collates a Value for Money log that monitors the additional value brought to the council and since 2017 this indicates savings of over £3.3m. This currently isn't part of the formal monitoring arrangements which should be considered for future performance measures.

2. CONSIDERATION

- 2.1 31ten made a number of recommendations for improvement in support of their report.
- 2.2 Panel are asked to consider each of the recommendations and offer any comments before the Action Plan is adopted.
- 2.3 Panel are also asked to consider and offer comments or suggestions on the revised vision and objectives for the PropCo (effectively the Council's purpose in operating the entity).
- 2.4 Finally, the Council's internal Property Service is line managed by PropCo leaders but remain within the Council. This creates a number administrative and managerial problems that are not significant in of themselves but require additional effort to work around.

3. FINANCIAL DETAILS / VALUE FOR MONEY

- 3.1 There are no direct financial implications as a result of the action plan.

4. LEGAL IMPLICATIONS

4.1 There are no legal implications of the report. It should be noted that the Monitoring Officer and Head of Legal will be responsible for delivering several of the recommendations.

5. POTENTIAL IMPACTS

5.1 Equalities. Equality Impact Assessments are published on the council's website. There are no EQIA impacts of this report. Actions within the plan e.g., staffing changes may have such implications and these will be dealt with directly as part of any project work.

5.2 Climate change/sustainability. The revised Vision and Objectives make it clear the PropCo is part of delivering on the Council's climate objectives.

5.3 Data Protection/GDPR. None

6. CONSULTATION

6.1 As part of the 31ten work a number of councillors and officers were interviewed including the Leader of the Council and both Opposition Leaders. The Action Plan arising has been referred to Corporate Overview and Scrutiny Panel after being considered in open session by Cabinet.

6.2 Staff potentially affected by a change of line management or secondment arrangement are being consulted already.

7. TIMETABLE FOR IMPLEMENTATION

7.1 See Action Plan

8. APPENDICES

8.1 This report is supported by one appendix:

- Draft Vision and Objectives and Action Plan

9. BACKGROUND DOCUMENTS

9.1 This report is supported by no unpublished background documents. The two published documents – the Cabinet Report and the 31ten Review are available [here](#).

10. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	08/09/21	14/09/21
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	08/09/21	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	08/09/21	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	08/09/21	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	08/09/21	10/09/21
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Andrew Durrant	Executive Director of Place	08/09/21	
<i>Heads of Service (where relevant)</i>			
<i>External (where relevant)</i>			
Ian Brazier-Dubber	Managing Director PropCo	08/09/21	10/09/21
Griff Marshalsay	Chair, PropCo	08/09/21	13/09/21

Report Author: Duncan Sharkey Chief Executive
