

# Commercial Investment Strategy – Governance Arrangements

**Cabinet**

**Date: 8<sup>th</sup> February 2017**

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Author:	Cabinet Member for Finance and Corporate Services Interim Corporate Director, Resources
Wards:	All
Locality Affected:	All
Parishes Affected:	All

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## **1. Purpose and Reasons**

- 1.1 This report seeks Cabinet's support for different governance arrangements for the decision making around the Commercial Investment Fund than those approved by Cabinet in December 2016 (Cabinet Minute 70, 2016/17 refers). It also seeks to provide wider Member involvement in the Council's emerging commercialisation strategy.
- 1.2 The Cabinet Member for Finance and Corporate Services requested that the arrangements be reviewed in light of comments made at the Scrutiny Committee on 12<sup>th</sup> December 2016 (Scrutiny Committee Minute 45, 2016/17 refers).
- 1.3 The Commercial Investment Strategy would be used to support delivering the Council's Vision as it relates to economic growth.

## **2. Recommendations**

- 2.1 To recommend to Council that:
  - 2.1.1 the governance arrangements for the Commercial Investment Fund consist of:
    - a) A Commercial Investment Strategy Board,
    - b) An all-party Cabinet Member Advisory Group, whose initial terms of reference are set out in the body of this report, which would meet to consider formal proposals, submitted as Cabinet Member Decision Notes, and give advice to the Cabinet Member;
    - c) An authorisation to the Interim Corporate Director, Resources, in consultation with the Cabinet Member for Finance and Corporate Services, to make investments subject to the report and review set out in recommendations 2.1.1 and 2.1.2 above.
- 2.2 The role of the Cabinet Member Advisory Group cited above be expanded to cover the Council's emerging commercialisation strategy.

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## **3. Detail**

- 3.1 At its meeting on 7<sup>th</sup> December 2016, Cabinet approved a report setting out the aims of a Commercial Investment Fund to support economic growth and generate sustainable income (Cabinet Minute 70, 2016/17 refers).
- 3.2 The Scrutiny Committee, in considering the draft Cabinet minutes at its meeting on 12<sup>th</sup> December 2016, was advised by Councillor Russell Holland, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance and Corporate Services, that, in response to issues raised at the Scrutiny meeting, particularly in regard to the proposed CIS governance arrangements, he would discuss with Councillor Des Moffatt the wording of the minute to be considered by Council.
- 3.3 Subsequently, having considered the views of the Scrutiny Committee at its meeting, and discussed the matter further with Councillor Moffatt, the Cabinet Member for Finance and Corporate Services invited Council, at its meeting on 26<sup>th</sup> January 2017 to approve Cabinet Minute 70, with the exception of Minutes 70(2)(b), 70(3)(b), 70(3)(c), and 70(3)(d), which would be referred back to Cabinet for further consideration. The Council resolved to accept this amendment.
- 3.4 Given the support from Cabinet and Scrutiny for the principles behind the Commercial Investment Fund, this report will only address the governance issues. Therefore, the membership of the Commercial Investment Strategy Board would comprise the Deputy Leader and Cabinet Member for Finance and Corporate Services, Chief Executive, Corporate Directors for Resources and Economy and Transformation and Director of Law and Democratic Services, supported by appropriate internal and external advisers (including the Council's s151 Officer if that role is not assigned to the Corporate Director for Resources).
- 3.5 To provide greater Member involvement prior to any decision, it is proposed that the Cabinet Member adopt a Cabinet Member Advisory Group (Article 7.07 of the Constitution refers), similar to the Procurement Advisory Group that operated until 2010. As set out in the recommendations, the Cabinet Member would be required to meet this CMAG, whose Members would have an opportunity to review the formal submission by the Commercial Investment Strategy Board. These comments would constitute the consultation with Opposition and Minority Group spokespersons as required by the Cabinet Member Decision Note process.
- 3.6 The key benefits of this approach are:
  - 3.6.1 It would add a formal gateway to the process allowing Members to apply oversight prior to any decision being made.

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- 3.6.2 It uses a format that has previously been used by Council in the form the Procurement Advisory Group.
- 3.6.3 It allows the preservation of commercial confidentiality as well as allowing efficient decision-making as it does not require a formal Cabinet meeting.
- 3.6.4 A CMAG, which meets in private, may provide a better forum to promote non-partisan discussions.
- 3.6.5 By establishing the CMAG through a Cabinet Minute, it would have a degree of permanence that other CMAGs do not enjoy.
- 3.7 This governance arrangement is similar to the model considered by the Corporate Governance Review Working Group on 9<sup>th</sup> March 2015 (Corporate Governance Review Working Group Minute 9, 2014/15 refers).
- 3.8 The Commercial Investment Fund is part of a wider council strategy to introduce greater commercialisation into the Council as part of the aim to make the organisation financially sustainable from 2020 onwards (Cabinet Minute 42, 2016/17 refers). This will include procurement and traded services as well as commercial investment. Given the scope of the work this entails, both the report authors would like to see greater non-executive Member involvement prior to formal decisions being made. Hence it is recommended that the terms of reference for the new CMAG be expanded to incorporate this role

## Commercialisation CMAG

### **Membership:**

- 3.9 The Cabinet Member for Finance and Corporate Services and one member from each political party Group.

### **Terms of reference:**

- 1) Commercial Investment Strategy
- 3.10 To review and consider proposals from the Commercial Investment Strategy Board and
  - 3.10.1 Ensure that the proper gateway process as agreed at Cabinet on 7th December 2016 is followed, and
  - 3.10.2 Make recommendations to the Cabinet Member with responsibility for Finance on opportunities to make use of the Commercial Investment Fund.
- 2) The Council's Commercialization Agenda.

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- 3.11 To review and advise the Cabinet Member for Finance and Corporate Services on the commercial framework and related governance issues, along with traded services and the Council's Procurement Strategy.

## 4. Alternative Options

- 4.1 The Cabinet Member could choose to operate without a CMAG prior to any decision-making; however, this would be less transparent and open the process to partisan political debate.
- 4.2 The Cabinet Member could request a sub-committee of Cabinet to provide governance. While this would maximise the transparency of any decision, such a committee would only consist of Members from a single majority party group. Moreover, being bound by regulations relating to Access to Information, the process would be far less efficient than the CMAG-Cabinet Member Briefing Decision Note being suggested.

## 5. Implications, Diversity Impact Assessment and Risk Management

### Financial and Procurement Implications

- 5.1 The cost of administering any CMAG would have to be met within the existing allocations of resources to departments.

### Legal and Human Rights Implications

- 5.2 Legal and human rights implications have been taken into account in preparing this report. It is considered that the report's recommendations are compatible with Convention Rights.

### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no other specific implications at this time.

### Diversity Impact Assessment

- 5.4 Since the report recommends no service alterations, no Diversity Impact Assessment has been prepared.

### Risk Management

- 5.5 There are no specific risks beyond those that are managed in the usual dissemination of sensitive information to Members.

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## **6. Consultees**

- 6.1 The Interim Corporate Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

- 7.1 None

## **8. Appendices**

- 8.1 None

## **9. Key Decision/Decision in Cabinet Work Programme and Forward Plan**

- 9.1 This is not a Key Decision and was included in the Cabinet Work Programme and Forward Plan for December 2016.