

DERBYSHIRE COUNTY COUNCIL**COUNCIL****24 March 2021****Report of the Managing Executive Director****CREATION OF A NEW EXECUTIVE COMMITTEE****(Corporate Services)****1. Purpose of the report**

Council are requested to approve the creation a new Cabinet Committee that will oversee the performance of the joint ventures established from the new Corporate Property operating model and ensure that these are aligned with optimisation of the councils land and building assets.

2. Information and Analysis**2.1. Background**

In February 2019, Cabinet approved a new operating model for the Council's Corporate Property service. Since that date, Cabinet has approved further reports to implement the new operating model. This includes creating a new Senior Management Team for the service (July 2019); establishing a joint venture to support property rationalisation (February 2020) and the externalisation of non-core property services to two new joint ventures (March 2020). This report describes the various aspects of the new operating model and coordinated corporate governance arrangements that conclude with the formation of the Trading Committee (2.4.3).

Appendix 1 illustrates the various levels of governance within the Council for land and buildings property related decisions which are described below:

2.2. Corporate Property Division Senior Management Team

The management structure for Corporate Property is based on six interdependent sections each led by a Head of Service. The organisation is based on the property life cycle and different Heads of Service are responsible for different aspects of governance and decision making, as set out in the table below. The relationship of these sections to the strategic plan for

property, the Asset Management Framework and corporate management of land and buildings is illustrated in Appendix 2, Asset Optimisation.

Role	Responsibility
Director of Corporate Property	<ul style="list-style-type: none"> • Director within Concertus (Derbyshire) Limited • Director within Vertas (Derbyshire) Limited • Corporate representative for PSP (Derbyshire) LLP
Assistant Director (Asset Management)	<ul style="list-style-type: none"> • Chair of Corporate Asset Management Group • Partnership Executive (DCC) for PSP (Derbyshire) LLP
Head of Facilities Management	<ul style="list-style-type: none"> • Lead client officer for Vertas (Derbyshire) Limited
Head of Projects	<ul style="list-style-type: none"> • Lead client officer for Concertus (Derbyshire) Limited
Head of Estates	<ul style="list-style-type: none"> • Lead client officer for PSP (Derbyshire) LLP

2.3. Asset Management Framework

The Asset Management Framework documents the strategy the Council has for using and managing its land and buildings to support the Council's strategic outcomes and priorities. It takes its lead from the Council's three strategic pillars; Vision Derbyshire, Enterprising Council and Thriving Communities.

The implementation of the Asset Management Framework ("**AMF**") is led by the Corporate Asset Management Group ("**CAMG**"), which is a cross-service senior management forum, chaired by the Assistant Director of Corporate Property (Asset Management).

The full membership of the CAMG is:

- Assistant Director of Corporate Property (Asset Management) (Chair)
- Service Director, Performance, Quality and Partnerships, Childrens Services
- Service Director Commissioning and Performance, Adult Social Care and Health
- Service Director, Economy Transport and Environment
- Interim Assistant Director of Environment
- Assistant Director of Finance and ICT
- Assistant Director of HR

Its Terms of Reference are:

- Agree and implement policies, protocols, strategies and plans relating to the use of land and property assets;
- Deliver changes to land and property assets in line with the agreed policies, protocols, strategies and plans;
- Prioritise and oversee the implementation of land and property asset rationalisation schemes;
- To maximise and monitor revenue savings and income generation realised from land and property rationalisation schemes and other property initiatives;

- To maximise and monitor capital receipts from land and property asset disposals;
- To submit proposals in accordance with the Council's Financial Regulations for revenue and capital expenditure on land and property assets relating to property rationalisation projects;
- Oversee staff engagement and consultation relating to land and property rationalisation schemes, other property initiatives and changes in associated policies and procedures. This is separate to any statutory consultation that may be required arising from any significant proposed service change;
- The Group will seek to identify and resolve tensions that may exist between any of the above objectives. However, if they cannot be resolved by this Group these will be escalated to the Derbyshire Property Board and Members as appropriate; and
- Submit reports to the Derbyshire Property Board.

Within the Corporate Property division, the delivery of the AMF is supported by the Strategic Asset Review Board ("**SARB**"). This officer level group seeks to ensure collaboration of the six sections within the division on the process of reviewing and managing the Council's property assets. The work of the SARB whose membership also includes finance and legal services officers is reported to the CAMG.

Its Terms of Reference are to:

- Agree the categorisation of all council land and property assets.
- Agree prioritisation of land and property asset reviews.
- Agree and manage the rolling programme of asset reviews.
- Agree the format and content of asset plans.
- Agree and manage the rolling programme of production of asset plans.
- Agree Asset Plan recommendations and actions.
- Agree, co-ordinate and manage a programme of data collation to enable informed decisions about assets.
- Develop and monitor the use of the Asset Manager database including performance managing the input of property data.
- Consider how decisions about assets will impact on other work-streams.
- Identify risks and explore opportunities to ensure the asset review process continues to deliver the Council's strategic vision and secures value for money.
- Agree the acquisition of freehold and leasehold assets.

In addition, individuals of the group will:

- Consider how their area of work can contribute to the asset review process.
- Consider how blockers to the asset review process can be resolved.
- Contribute ideas and solutions to improving and streamlining the asset review process.

2.4. Elected Members & Executive Directors

Above the CAMG, there are three tiers of governance plus full Council, as illustrated in Appendix 1.

2.4.1. Corporate Management Team

This is where the Managing Executive Director and three executive directors come together to jointly lead the whole of the Council as well as leading each of the four departments.

In property terms, at officer level, the Corporate Management Team guides and directs the work of the CAMG ensuring corporate cohesion in its operation.

2.4.2. Derbyshire Property Board

The Council has adopted the Leader and Cabinet model for its decision-making arrangements. The Leader of the Council is responsible for the appointment of the Cabinet and allocating areas of political responsibility to members of the Cabinet. In accordance with the Council's constitution and delegated principles included therein, areas of responsibility for decision making are allocated to Cabinet Members, Executive Directors and Directors. The responsibilities for the Cabinet Member for Corporate Services include: asset management, efficiency and value for money (property rationalisation), property and the acquisition and disposal of land.

The Derbyshire Property Board brings together key members and officers to direct the CAMG and when available, to use their respective delegated authorities to provide authority for recommendations from the CAMG.

Membership of the Derbyshire Property Board:

- Cabinet Member for Corporate Services
- Cabinet Member for Young People
- Managing Executive Director
- Director of Legal and Democratic Services
- Director of Finance
- Director of Property (save where there is a conflict of interest with their role as a Director in the Joint Venture Companies)

2.4.3. DCC Trading Committee

The Council's constitution provides for committees and sub-committees to be established which have specific responsibilities, with the operation of the committees controlled by the Council Procedure Rules. Committees provide for different types of engagement and scrutiny and for the Council as a

shareholder to the Joint Venture companies, a committee is considered to be an appropriate forum to ensure oversight of the performance of these companies by the Council

Accordingly, it is recommended that the full Council approve a new DCC Trading Committee, with the following terms of reference and membership. .

Terms of Reference

To oversee on behalf of the Council, the performance of Concertus (Derbyshire) Limited, Vertas (Derbyshire) Limited and PSP (Derbyshire) LLP and provide approval on reserved matters as set out in the shareholder agreements for these organisations.

Membership

The Committee shall be made up of 5 councillors. As required by the Local Government and Housing Act 1989, the allocation of seats is determined in accordance with the principles of political balance. The Chairman and Vice-Chairman shall be appointed by full Council.

2.5. PSP (Derbyshire) LLP

The formal governance arrangements for PSP (Derbyshire) LLP (the “LLP”) are set out in the Members’ and Procedure Agreements.

The Members’ Agreement – sets out how the Partners deal with each other and approve decisions made in pursuance of the Partnership business using the 4e Process – the forum for this is the Partnership Board;

The Procedure Agreement – sets out the role of the Partnership Executive, who have operational and day to day management of the Partnership and the Projects Team, who develop and progress projects through the Project Flow and budget processes and ensure project financial and legal compliance and validation by using the 4e Process.

Cabinet has previously approved, in February 2020 that the Council’s corporate representatives on the LLP’s Partnership Board are:

- Managing Executive Director
- Director of Finance & ICT
- Director of Legal & Democratic Services
- Director of Corporate Property

This is the formal process, however informally and operationally within the Council, ideas for projects and progress operates through the CAMG at officer level, before reporting to elected Members and Executive Directors.

On the Council side, the Partnership Board corporate representatives will report to the Derbyshire Property Board and DCC Trading Committee, as illustrated in Appendix 1. As an LLP, the Partnership Board corporate representatives, represent the partner rather than the LLP and are able to report internally unfettered by their Partnership Board responsibilities.

2.6. Vertas (Derbyshire) Limited and Concertus (Derbyshire) Limited

The formal governance for each Joint Venture Company ("JVC") is set out in the Joint Venture Shareholders Agreement and the Services Contract. There are separate documents for each JVC, however, the content is similar.

Joint Venture Shareholders Agreement – sets out the shareholders' and directors' obligations and responsibilities, how the company operates, any reserved matters, dividend payments, dispute resolution and termination provisions.

Services Contract – details the services to be provided to the Council by the JVC. It includes the responsibilities of both the JVC and the Council, the specification, payment arrangements, TUPE arrangements, performance measurement, reporting, changes to the specification, dispute resolution and termination.

Each JVC has a Board of Directors, Cabinet has previously approved in March 2020, through the Managing Executive Director that the Council's nominated directors for each JVC are:

- Director of Corporate Property
- Assistant Director of Finance (Financial Management)

The two Boards are separate entities, although for ease, meet jointly and have the same directors and non-executive directors, as illustrated in Appendix 3.

This is the formal process, however informally and operationally within the Council, day to instruction as client is through a named Head of Service within Corporate Property (section 2.2 above). On the Council side, the performance of each JVC will be reported by the named Head of Service and nominated Directors. These reports will be to the Derbyshire Property Board and DCC Trading Committee, as illustrated in Appendix 1. It should be noted that the primary responsibility for the nominated Directors are to the JVC and not the shareholders, hence having two internal report lines in order to manage any conflicts of interest.

3. Financial Considerations

There are no additional costs associated with the new Governance arrangements.

4. Legal Considerations

In accordance with the Council's Constitution, agreeing the terms of reference for committees, deciding on their composition and making appointments to them is a function reserved to full Council.

However, the creation of the proposed new committee was considered by Cabinet on 11 February 2021 and Cabinet resolved to recommend to Council the proposals for the establishment of the committee detailed in this report.

5. Human Resources Considerations

There are no HR considerations associated with the new Governance arrangements.

6. Other considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, health, environmental, transport, and social value.

7. Officer's Recommendations

That Council:

- 7.1.** approves the establishment of a new committee, namely the DCC Trading Committee for the aforementioned purposes; and
- 7.2.** authorises the Director of Legal and Democratic Services to amend the Constitution as necessary to include the DCC Trading Committee and its Terms of Reference as outlined in this report.

Emma Alexander
Managing Executive Director

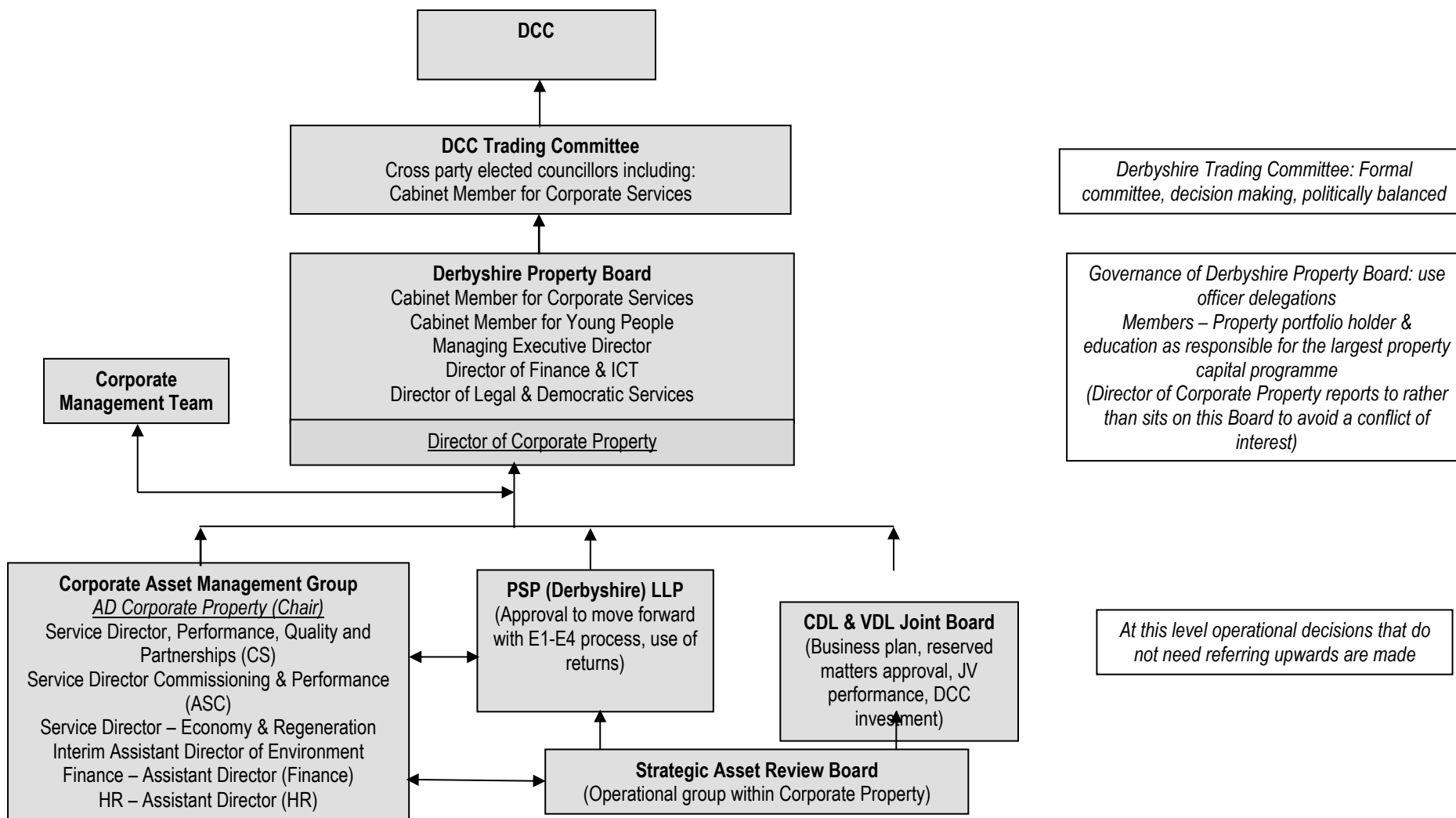
Appendices

Appendix 1 – DCC Governance for Corporate Property activities

Appendix 2 – Asset Optimisation

Appendix 3 – Organisation structure for joint venture companies

Appendix 1– DCC Governance for Corporate Property activities



Appendix 2 – Asset Optimisation

The Corporate Property division has six sections, that deliver the Asset Management Framework. The corporate activity of the division is described as Asset Optimisation. This brings the responsibility and accountability for land and property asset management, including all budgets and decisions, within Corporate Property.



Appendix 3 – Organisation structure for joint venture companies

