

**Written statement of a key decision**  
**Cabinet**

<b>Title</b>	<b>Hereford Centre for Cyber Security – Joint Venture and Financial Arrangements</b>
Decision maker	Cabinet Information about cabinet, including the names and contact details of the cabinet members, can be found here: <a href="http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251">http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251</a>
Date of decision	13 December 2018
Report exemption class	Open
Reason for being a key decision	This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	<p>To approve the creation of a Joint Venture company between the council and the University of Wolverhampton to deliver and operate the Centre for Cyber Security at Hereford Enterprise Zone, with associated legal considerations and financial contribution from the council.</p> <p>The University propose to develop a centre for cyber security located on the Hereford Enterprise Zone. The proposed site will form part of a national 'Cyber Triangle' with GCHQ Cheltenham and the Government Cyber Centre in Newport, South Wales, and 'Cyber Valley' with Worcestershire. It will be an anchor building generating new research and short course opportunities that will feed into training and education in industry and within the University.</p> <p>The Cyber Centre will be a cutting edge facility because it will offer over 1,000m<sup>2</sup> of Research and Development floorspace in</p>

	<p>3 cyber laboratories. The Centre will form an integral element of the Wolverhampton Cyber Research Institute where leading research will be conducted with a range of international business partners. Local, regional and national businesses will be able to buy cyber security training, participate in developing new technologies and try new products. This will be a benefit not only for the county's existing local cyber industries but also local companies more generally which want to improve their cyber resilience.</p> <p>The University are proposing that the centre for cyber security is undertaken as a joint venture with the council. It is recommended that the council agree to take a direct role in the development and operation of the centre for cyber security through the establishment of a corporate partnership structure, which is proposed to take the form of a company limited by shares. This is recommended as the best model for the council to ensure that the centre for cyber security is developed as an asset which brings maximum economic benefits into the county and is complementary to other economic activity at the Hereford Enterprise Zone.</p> <p>In July 2018 Council made provision within the capital programme of £3.5m to support the delivery of the centre for cyber security.</p> <p>In August 2018 the Director for Economy, Communities and Corporate authorised the project to proceed to a due diligence phase to understand the options and implications for the council of this significant project. That due diligence work has been substantially completed and this report now seeks Cabinet authorisation to establish a joint venture company and related financial arrangements, with the finalisation of negotiations with the University to be delegated to the Acting Director of Economy and Place in consultation with the Chief Finance Officer and the Cabinet Member Economy and Communications.</p>
<p><b>Decision</b></p>	<p><b>That:</b></p> <ul style="list-style-type: none"> <li><b>(a) the council establishes, as a private company limited by shares, a joint venture company with the University of Wolverhampton to construct and operate a Cyber Security Centre at Hereford Enterprise Zone;</b></li> <li><b>(b) the council acquires, for £1 per share, a shareholding in the new company of 19% with the remaining 81% shareholding to be acquired by the University of Wolverhampton;</b></li> <li><b>(c) the council provides a capital loan, on commercial terms, to the new company of £3.5m;</b></li> <li><b>(d) the council grants to the new company a long term lease of the site identified on the attached redline</b></li> </ul>

	<p><b>plan at the South Magazine in the Hereford Enterprise Zone for best consideration and on commercial terms;</b></p> <p><b>(e) The Acting Director of Economy and Place, following consultation with the Chief Finance Officer and the Cabinet Member Economy and Communications, be authorised to determine, in accordance with the recommendations (a) –(d) above, the terms of the loan, lease, shareholders agreement and other company documents, the extent of the council’s representation on the Board of Directors and to approve the name and incorporation of the company;</b></p> <p><b>(f) The joint venture company is added to the council’s register of strategic partnerships and list of outside bodies; and</b></p> <p><b>(g) The Acting Director of Economy and Place be authorised to take all operational decisions necessary to implement the recommendations (a) – (f) above.</b></p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p><a href="http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50028467">http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50028467</a></p>
Options considered	<ol style="list-style-type: none"> <li>1. The council could decide not to invest in the project. This option is not preferred as the council’s financial investment and commitment to make the land available is enabling the project to proceed, unlocking the potential economic benefits described in this report.</li> <li>2. The council could decide to only make a partial investment in the project for example, by only granting the lease of the land, or making a loan but not seeking shareholding rights in the company and representation on the Board of Directors. This option is not preferred as the council’s level of investment secures the maximum level of return to the council from the project, ensuring that the council can influence the future direction of a key asset at the Hereford Enterprise Zone.</li> <li>3. The council could decide to pursue a different form of legal structure for the joint venture partnership, for example as a limited liability partnership (“LLP”) or a</li> </ol>

	<p>company limited by guarantee. This option is not considered as legal advice has navigated the range of competing legal, financial and tax considerations and identified the company limited by shares as the optimum legal model for both the council and the University.</p> <p>4. Appendix 1 sets out the detailed options appraisal and analysis against the council's partnership governance framework.</p>
<p>Declarations of interest (see below)</p>	
<p>Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)</p>	<p>19 December 2018</p>

<p>Councillor: .....</p> <p style="text-align: center;">Leader of the Council (Councillor JG Lester)</p>	<p>Date 13 December 2018</p>
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- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;
- and
- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.