
Decision maker:	Cabinet member economy and communication
Decision date:	16 October 2018
Title of report:	Herefordshire Investment Partnership delivery mechanism
Report by:	Economic development manager

Classification

Open

Decision type

This is a key decision because it is likely to be significant having regard to:

The strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards affected

Countywide

Purpose and summary

To obtain approval for the proposed approach to the formation of the Herefordshire Investment Partnership highlighting the suggested structure, scope, and responsibilities.

The formation of the Herefordshire Investment Partnership (HIP) will provide the council with a mechanism to engage with key partners involved in the delivery of major regeneration and infrastructure projects. Specifically projects that are included within the Herefordshire economic vision. In addition, the formation of the HIP will provide the council and partners with an element of private sector experience and opinion prior to project implementation.

The Economic Vision has been adopted by the council as the county's economic development strategy. Gaining private sector experience and opinions prior to implementation of the various regeneration projects will assist in the successful delivery of the economic vision. A dedicated board is required to provide a mechanism where these views can be shared with the council. It is envisaged that the proposals will make a significant contribution to the regeneration of the county.

Recommendation(s)

THAT:

- (a) the terms of reference for the HIP attached at appendix 1 be approved;**
- (b) the partnership be added to the council's register of strategic partnerships; and**
- (c) the economic development manager is authorised to take all operational decisions necessary to investigate future governance arrangements for the partnership within a budget of up to £15,000.**

Alternative options

1 Utilising the existing Herefordshire Business Board to act as the delivery vehicle for the economic vision.

Advantages

As an established, private sector led board facilitated by the council there is an existing working relationship with the council and board members are already well aware of the regeneration priorities for the county.

Disadvantages

The existing Herefordshire Business Board primarily comprises of business leaders who are sector champions rather than regeneration experts and they do not necessarily hold the breadth of experience required to provide the necessary support and challenge to the council on the delivery of the economic vision. Whilst the board membership could be increased to give the required expertise, this would potentially dilute the scope and remit of the Herefordshire Business Board to the detriment of its core activity of supporting the existing business community within Herefordshire.

2 Immediately creating an external delivery company.

Advantages

The council has experience of this model having previously followed this approach in the delivery of the Edgar Street Grid project, additionally the Hereford Enterprise Zone is also an external company tasked with the delivery of the Enterprise Zone project.

Disadvantages

Forming an external company to deliver the economic vision will require some dedicated council support and legal advice as to the right legal structure to achieve the council's and other Board members aspirations. It is recommended that this option is considered

further when the informal HIP is more advanced and the council, and partners, have a greater understanding of the delivery issues and requirements.

3 Utilising the existing Hereford Enterprise Zone board to act as the delivery vehicle for the economic vision.

Advantages

As an established, private sector led board facilitated by the council there is an existing working relationship with the council and board members are already well aware of the regeneration priorities for the county

Disadvantages

The Enterprise Zone board structure is bespoke to the formation and requirements of the enterprise zone project and circumstances. Utilising the enterprise zone board as the delivery vehicle for the economic vision would necessitate the board having a wider remit and set of responsibilities. This has the potential to dilute the focus of the enterprise zone board away from its very clear set of existing responsibilities and would require a review of its existing legal structure.

4 Not establishing any partnership arrangements

Advantages

This would establish the council as having clear and sole responsibility and ownership of the process of delivering the economic vision. There would be no internal resource required to serve an informal (or formal) partnership or to determine what legal structure to use in setting up partnership arrangements

Disadvantages

The recommended approach advocates utilising external membership to provide advice and guidance in delivering the economic vision, not establishing a partnership would result in the council not being able to draw on this expertise.

Key considerations

Background to the Herefordshire Economic Vision

- 5 The Herefordshire economic vision - formally titled the Invest Herefordshire Economic Strategy - provides the strategic framework for regeneration and investment work in the county. The focus of the vision is on a number of large scale capital investment opportunities, including a number of agreed council priorities, each a definable project in its own right.
- 6 The council has recent experience of delivering large scale regeneration projects within the county, the Old Market and Enterprise Zone being significant successes. There exists an understanding of delivery requirements and constraints, however it is also acknowledged that the formation and master planning of the council's regeneration projects may benefit from greater private sector practical and investment experience and from exposure to a wider set of networks and contacts.

Formation of the Herefordshire Investment Partnership (HIP)

- 7 The economic vision demonstrates that the regeneration of Herefordshire will be achieved by a number of complementary and interlinked projects. It is important to note that delivering the economic vision and addressing the challenges identified within will need recognition that there is a suite of projects to deliver, the Enterprise Zone, the new university, the bypass, housing growth among others. The formation of the HIP will act as a unifying force that will bring together the various project partners and provide guidance to the overall delivery of the economic vision.
- 8 During the past six months the council has met with a range of partner organisations and private sector individuals as a shadow HIP and it is now proposed to advance the governance arrangements for the HIP. It is recommended that an informal partnership is established as the Herefordshire Investment Partnership (HIP) board before reviewing future governance options with a view to becoming incorporated as a legal entity.
- 9 The HIP board will act in an advisory capacity to the council by providing their opinions on the proposed delivery and composition of the projects contained within the economic vision. Input from the board will help shape the delivery of the economic vision and specific regeneration projects. The independent advice from the Board will assist the development of robust decision reports taken through the usual council decision making process.
- 10 The HIP board membership will be comprised of representation from the council, partners delivering key economic development projects and a number of individuals who have appropriate experience and expertise in the fields of property development, regeneration, inward investment, or project financing.
- 11 It is proposed that representation on the HIP from the council comprises of the Cabinet Member for Economic Development and Communications, and Director for Economy and Place. It is proposed that initially the partners with representation on the HIP include:
 - a. NMiTE
 - b. The Hereford Enterprise Zone
 - c. Keepmoat and Engie (as the council's Development and Regeneration partners)
- 12 The current Shadow HIP board chair is Doug Barrat, Fellow of the Chartered Institute of Building and of the Royal Society. Mr Barrat has a background in senior Manager and Director roles over the last 40 years including the Commercial Manager for Kier Construction, Managing Director for Morse plc & Group Commercial Director for Ballast plc. He has served two terms as a member of the Confederation of British Industry Council and has experience of regeneration partnerships and infrastructure delivery as Chairman of the Hereford Futures infrastructure group on the Old Market Retail Development and the Flood alleviation scheme. Mr Barrat has previously provided guidance to the council on a Pro Bono basis on a range of matters mainly in relation to infrastructure.
- 13 It is proposed that Mr Barrat continues in the chair position during the initial formation of the HIP. In accordance with the draft terms of reference, at a point within the first twelve months of formation, an election process for the chair, and any vice chair, position(s) will be held.
- 14 The membership of non-council individuals on the HIP will be determined by the HIP

- Chair in consultation with the council representatives and they will be appointed against a set of criteria agreed by the council representatives and the HIP chair, these criteria remain to be drafted. Individuals on the board will be expected to sign up to the Nolan principles of public service, they will not be financially recompensed for the opinions and guidance they put forward, and neither will their opinions bind the council to any particular course of action.
- 15 All individuals invited to join the HIP will be demonstrably capable of contributing towards the remit of the HIP board as outlined in paragraph 16 below. In broad terms the HIP board will have a remit to help shape the content of, and secure investment for, the implementation of projects and act as a vehicle for the active branding, marketing and promotion of the economic vision and its constituent projects.
- 16 Specifically the HIP board will:
- a. Promote the Herefordshire Economic Vision, as the overarching investment document for Herefordshire, and the various investment opportunities as specific projects.
 - b. Engage with potential international or national level businesses and investors to assist in the delivery of the investment opportunities.
 - c. Engage with Herefordshire based communities, businesses and special interest groups on a regular basis to develop a pipeline of potential new investment opportunities.
 - d. Assist in the development of the investment opportunities in terms of contributing expertise and experience to inform the council and partner's delivery and content of specific projects.
 - e. Help the council and other partner's source investment to deliver the investment opportunities.
 - f. Having regard to progress made in terms of delivering the investment opportunities to use their experience to provide advice and guidance to inform a review of the content, specifically the investment opportunities, of the Herefordshire Economic Vision.
- 17 It should be recognised that the role of the HIP board is to provide opinion and guidance on the delivery or scope of individual council projects or the wider investment opportunities included within the economic vision. These projects are likely to have their own day to day delivery arrangements or independent delivery partners and will retain their own decision making processes.
- 18 At each board meeting Board members will be required to declare any potential conflicts of interest they may have in relation to any individual project or policy matter discussed. A register of declarations of interest will be kept by the secretariat.
- 19 The board will be supported by the council in the form of officer support to:
- a. Manage the delivery of the activities highlighted in paragraph 16 of this report:
 - b. Facilitate meetings
 - c. In conjunction with the board chair set the broad board agenda

- d. Prepare board papers and provide background information as and when required to inform opinion setting.
- 20 The benefit of this approach is that it allows the council to receive, independent, expert opinions to inform early conversations about the potential mix of uses, funding routes, master planning and delivery options. In effect the council is able to utilise this advice to “soft market test” potential regeneration projects without commitment or exposure to end occupiers or developers.
- 21 The creation of an informal partnership as the chosen mechanism for engaging with the private sector will bring an element of flexibility whilst the Board is in early stages of maturity, without compromising any future delivery options. The proposed terms of reference are attached at appendix 1 and have been drafted having regard to the council’s framework for partnership governance. Given the importance of the partnership to delivery of the council’s economic vision and corporate plan priorities it is recommended that, in accordance with the framework, the partnership be added to the register of strategic partnerships.
- 22 Although an informal arrangement brings flexibility it is not recommended as a long term arrangement due to the scope for uncertainty around decision making powers, how individual representatives are appointed or removed and in the case of disputes between partners, how these can be resolved.
- 23 It is recommended that an early piece of work for the HIP Board is to investigate becoming a constituted legal entity. This will seek to confirm the exact scope and form of the HIP so that it best meets the council’s, and partners, requirements.

Community impact

- 24 Through the provision of advice and guidance the HIP will contribute to the council priority of ‘Support the growth of our economy’ by aiding the delivery of the economic vision which is the adopted economic development strategy for the county.
- 25 The economic vision comprises of a suite of investment opportunities. Each of these projects will aim to make a contribution towards economic growth and a higher value economy. These projects are in various stages of development. Consequently some projects have a defined and evidenced set of outcomes and benefits, whilst other projects will need to undertake this work as the project develops.
- 26 The strategy sets out some specific targets to demonstrate contributions to economic growth and to measure success. These targets are aspirational and will be subject to review on a regular basis. Examples of the targets included within the strategy are:
 - a. Increasing average wages;
 - b. Providing new higher education places;
 - c. Increasing the number of new business start-ups;
 - d. Reducing carbon dioxide levels;
 - e. Increasing Gross Value Added to demonstrate improved productivity.
- 27 The implementation of the economic vision and specific investment projects will help guide council and private sector investment, consequently making a significant

contribution to the corporate priority to support the growth of our economy.

- 28 The formation of the HIP as an informal partnership, with the further intention of becoming a more formal partnership in due course, will bring a degree of private sector commercial experience and advice which can be used to inform the council's decision making process.

Equality duty

- 29 Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 30 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. HIP board members will be made aware of these requirements in regards to equality legislation

Resource implications

- 31 The formation of the HIP as an informal partnership comes with negligible set up and ongoing costs in terms of facilitation and organisation. This function will be met by the Council's Economic Development service with costs met from within existing budgets and staff resources. It should be noted that there will be no remuneration paid to any board members under the informal partnership arrangement.
- 32 To ensure that future governance arrangements are fit for purpose it will be necessary to review a number of potential options regarding the legal status of the HIP. Whilst the council has a number of previous legal arrangements with arm's length and partner organisations it will be necessary to review these against the particular requirements of the HIP. An allocation of up to £15K has been set aside from existing budgets for this purpose.

Legal implications

- 33 The Economic Vision is the council's economic development strategy and is a policy framework document. There is no legal obligation to use an informal partnership to assist in the delivery of the Economic Vision.
- 34 The recommendations in the report create an informal consultative body/ partnership board to provide advice and guidance to the council and other partners on the delivery of economic priorities/projects.

- 35 The main advantage to a partnership is the lack of formality that surrounds it. An agreement to create a partnership can be created orally, in writing, or may be implied by conduct; which requires no specific agreement between the parties to take place. A partnership may also cease at any time if no formality is in place; this allows each partner the freedom to leave the partnership any time and for any reason.
- 36 An informal partnership can lead to uncertainty around decision making powers, how individual representatives are appointed or removed and in the case of disputes between partners, how these can be resolved.
- 37 This report requests authority to incur expenditure on detailed legal and financial due diligence work to examine future delivery arrangements. Depending on the final legal status of the HIP a further decision may be required. Therefore there are no other legal implications to note at this stage.

Risk management

- 38 If the recommendations are agreed:

Risk / opportunity

Mitigation

Financial

There is the potential for the proposed budget for professional advice on the required legal structure to be exceeded.

Budget estimates have been informed by legal services and other departments who have previously commissioned similar advice.

Legal

As set out above in the legal implications section there are some disadvantages of creating an informal partnership body.

To commission some legal advice to investigate the most appropriate legal status of the partnership going forwards.

Reputational

Delays in implementing projects, leading to delays in sales, capital receipts, construction and business rates generation

Clear, certain and swift processes in place to ensure sign off and implementation of projects.

Consultees

- 39 Comments from the Green Party political group were received and are paraphrased as follows:

The Green group were concerned that the expertise sought for the HIP is currently primarily regeneration and economy and consequently that there will be insufficient expertise on the board to assess the social, community and environmental effects of the projects at the planning stages and during construction. The board need the expertise to look at both positive and negative effects, using a sustainable approach to design and delivery that boosts and supports positive opportunities and mitigate negative ones.

The group wanted information on what expertise the proposed board members have in these broader sustainability skill sets and specifically asked for the following changes:

- 1) The Terms of Reference of the Group should make explicit reference to their responsibility to give equal consideration to social, environmental, and economic dimensions of planned development;
- 2) The Board should include members with substantial specific expertise in social and environmental dimensions of property development, regeneration, inward investment and project financing.
- 3) Given the strategic importance and scale of this investment partnership for the long-term development of the County, there should be cross-party involvement in the selection process for HIP Board Members.

40 In response it is considered that:

The final Terms of Reference of the Group will make explicit reference to their responsibility to give consideration to social and environmental as well as economic dimensions of planned development.

Paragraph 13 of the report states that “The membership of non-council individuals on the HIP will be determined by the HIP Chair in consultation with the council representatives and they will be appointed against a set of criteria agreed by the council representatives and the HIP chair, these criteria remain to be drafted.” The inclusion within the selection criteria, for board members of the relevant expertise mentioned above, will be considered by the HIP Chair and council during the drafting of these criteria.

Suggestions from political groups for representatives to be considered for the HIP board would be welcomed by the Cabinet Member and HIP Chair, however, the final selection of Board Members will remain with the HIP Chair and council representatives as they will be tasked with working with all board members and delivering the board objectives and will need to have autonomy over the selection of the board.

41 Comments from the It’s our County political group were received as follows:

It’s Our County does not support the proposal to create yet another delivery board on behalf of a council strategy, neither do they agree that “a dedicated board is required to provide a mechanism where these views can be shared with the council”.

The necessary “private sector experience and opinions” can be sought by co-option on a case-by-case basis, either to existing partnership boards – such as the Herefordshire Business Board - or directly by the council’s decision-makers. In any case let us not repeat the egregiously expensive and damaging experience of Hereford Futures: the taxpayers and residents of Herefordshire deserve better.

Independent expertise and advice is always valuable, but in all likelihood a new board would consist of the familiar local figures, whose “experience and opinions” are already well-known through their involvement in other projects, and would be an unnecessarily cumbersome way to achieve the intended outcomes.

It could also be argued that sufficient in-house expertise and experience ought to be available “to engage with key partners” and deal with most contingencies: if it is not then any such shortcomings need to be addressed in the appropriate way.

42 In response it is considered that:

The HIP will be a considerably different entity than Hereford Futures in that the

partnership will not have a dedicated programme team or budget. The decision making function will continue to rest with the council and partners. The use of existing partnership boards such as the Herefordshire Business Board has been considered and discounted as an option for the reasons set out in paragraph 1 above.

Regeneration within Herefordshire consists of a package of projects, many of which are interlinked or complementary, co-option on a case-by-case basis would not provide those giving their options with the holistic picture required to properly judge the appropriate guidance to the council and partners.

The HIP approach is already paying dividends with the joined up approach bringing a range of stakeholders together and members making introductions between the council and potential developers interested in the city.

Appendices

Appendix 1 – Draft Terms of Reference.

Background papers

- None identified.