

MEETING / DECISION MAKER:	GENERAL OVERVIEW AND SCRUTINY COMMITTEE
DATE:	14TH JANUARY 2013
TITLE OF REPORT:	HEREFORD FUTURES GOVERNANCE UPDATE
REPORT BY:	NICK WEBSTER

1. Classification

Open

2. Key Decision

This is not a key decision

3. Wards Affected

Not applicable

4. Purpose

To provide the Committee with an update on the governance and oversight arrangements of Hereford Futures Ltd.

5. Recommendation(s)

THAT: that the contents of this briefing report are noted.

6. Key Points Summary

- Hereford Futures Limited is a not for profit private company limited by guarantee.
- The company is led by a highly experienced Chairman, CEO and board of non-executive directors.
- The work of Hereford Futures is monitored through the forum of the Hereford Futures Gateway Committee established jointly with the Council and the Homes & Communities Agency.
- Hereford Futures manages delivery through a series of Task Groups.
- Hereford Futures operates a budget which relates to and reflects the delivery of the priorities agreed by the Gateway Committee.

7. Alternative Options

- 7.1 There are no alternative options identified in this report.

8. Reasons for Recommendations

- 8.1 Overview and Scrutiny have requested a report detailing the governance and oversight arrangements of Hereford Futures. A number of specific questions were asked by Overview and Scrutiny Members and this report details a response to each of these in turn.

9. Introduction and Background

- 9.1 Hereford Futures Limited is a not for profit private company limited by guarantee, with the members of the Board being the guarantors. All of the Board live and/or work in Herefordshire and have been recruited based upon their commitment to the county and their individual skills and knowledge relevant to the remit of the company, providing an invaluable resource which the Council can draw upon for commercial advice. All Board members sign letters of appointment on joining the Board, serving two terms of three years plus an option for one further term.
- 9.2 The company has been operating since February 2006, originally being established as ESG Herefordshire Limited at the instigation of Herefordshire Council and Advantage West Midlands (AWM) in order to lead the physical redevelopment of 100 acres (40 hectares) of land immediately to the north of the historic centre of Hereford.
- 9.3 The modus operandi of the three partners in relation to this work was set out in a formal Joint Venture Contract. As a result of the abolition of AWM and the vesting of various responsibilities in the Homes and Communities Agency, the latter body has succeeded AWM in respect of the JV Contract. The company changed its name to Hereford Futures Limited on 30 June, 2010 to reflect its new city-wide regeneration role.
- 9.4 The objectives of the company are to assist, promote, encourage, develop and secure development and growth in the physical and economic environment of the whole of Hereford and its environs ("Hereford"). To achieve its objectives Hereford Futures operates as a public-private partnership, co-ordinating a wide range of challenging projects on behalf of the Council which combine into a multi-million pound programme.
- 9.5 The company is led by a highly experienced board of non-executive directors, chaired by Major General Ted Willmott CB OBE MA CEng FICE, including the Leader and Chief Executive of the Council and Chief Executive of the Company (the sole executive director) with the Homes & Communities Agency having observer status at meetings.
- 9.6 The company has put in place corporate governance procedures, including sub-committees of the Board (Task Groups) actively engaging Board members in the process. Separate Nominations, Audit and Remuneration Committees are in place.

10. Key Considerations

- 10.1 At its meeting on the 12th October 2012 the Overview and Scrutiny Committee requested that additional information be reported as to the operation of Hereford Futures Ltd. The Committee subsequently requested that the following five specific questions be answered:

1. What is Hereford Futures internal project management structure?

- A. The Futures Board has established four Task Groups, each being chaired by a non-executive director of the Board and supported by a senior Council Officer. Progress is reported back to the main Board, and into Herefordshire Council through to the Joint Executive Team which reviews and co-ordinates project progress on behalf of the Gateway Committee.

Each Task Group operates at a strategic level, with individual project managers reporting on decisions at an operational level. Task Group membership brings together Board members, officers of Hereford Futures, officers of Herefordshire Council and co-opted members required to add relevant support and expertise.

The four Task Groups are:

- **Commercial Task Group**, chaired by Robert Maskrey, focuses principally on the city centre, most notably delivery of the Old Market redevelopment by Stanhope plc and the Buttermarket. This task group also supports the economic viability and vitality of the city centre as a whole, and looks to act in support initiatives which will enhance and support its attractiveness as a destination of choice.
- **Community & Housing Task Group**, chaired by Richard Clare, focuses on housing delivery within Hereford, and currently has two principal projects moving forward. The Urban Village in partnership with Sanctuary Housing, and City Living which is encouraging private landlords to bring the upper floors of commercial properties into residential use.
- **Economy, Education & Training Task Group**, chaired by Ray Stone, focuses on Higher Education, skills training and strategic employment issues. This group has a key role in matching opportunities presented by major projects with the training needs of the local workforce through training providers; existing and potential, to ensure that people can capitalise on the new job opportunities offered on the Enterprise Zone and within the expanded city centre.
- **Infrastructure Task Group**, chaired by Doug Barrat, leading on key infrastructure issues related to the Futures Programme and supporting the EZ including the link road, city-wide services and flooding. Given the fundamental importance of statutory bodies in the successful planning and deployment of infrastructure, a Strategic Infrastructure Task Group has been created to dovetail with this Task Group, including senior management level representation of statutory bodies and essential utilities such as Western Power

On a day to day basis Futures is generally responsible for taking projects through from conception and getting them to a stage where they can be delivered, with that delivery being charged to either Herefordshire Council or other partner organisation. For example Futures was responsible for securing planning permission and external funding for the Credenhill Flood Alleviation

Scheme (FAS), the construction phase being passed back to Herefordshire Council.

Completion of the FAS has allowed Sanctuary to progress their proposals for the Urban Village, and Futures is negotiating with them to secure a planning application for the first phase of residential development. In developing the projects Futures executive team work in very close partnership with wide range of Council Officers, companies and external agencies.

2. How do Hereford Futures metricate their target measurement and target tracking system?

- A. Since the inception of the company, the Futures Executive has produced a 3 year Business Plan for approval by the Board, which sets out the company's key priorities (as debated by the Gateway Committee) and how it proposes to achieve them by setting them into a managed programme. The latest reiteration of the business plan covers the period 2012-2015.

Timescales within the programme are managed by the Task Groups who report through to the Futures Board. Project Managers report progress of individual projects against the agreed programme into the appropriate Task Group, thereby allowing the Task Groups to effectively monitor and evaluate progress.

To allow for benefits to be measured, it is necessary to use consistent, established and cost effective sources of data. For example by choosing information which falls within the existing work of the Herefordshire Partnership research unit, or other publicly available sources, augmented by field survey work undertaken by Futures or its partners.

Examples of the types of outputs which will be measured are

Economic:

- Local wages compared to regional and national
- County GDP (as and when published)
- High Street vacancy
- Footfall
- Inward investment

Employment:

- New jobs created on the Retail Quarter and elsewhere

Housing:

- Urban Village – In construction & completed
- City Centre Living – In construction & completed
- Number of new affordable units – In construction & completed

3. What self-assurance systems do Hereford Futures use to track against targets?

- A. The programme is tightly managed by the Futures Board, through its Task Groups, with both receiving regular updates on progress, timescale, risk management and delivery of the various projects forming the programme.

Each project has a risk register maintained by the Project Manager which is reported to the relevant Task Group. Each Task Group then presents the key risks within its area of responsibility to the Board, who can then take appropriate action if required to ensure that those risks do not impede delivery, or impact on other parts of the programme, for example delayed infrastructure improvements holding up construction of the Urban Village.

The Board regularly undertakes strategic reviews of the Risk Register and the findings are available to the Council which may then take whatever action it considers necessary or desirable.

4. With commercial confidentiality high on the agenda, how do Hereford Futures assess what should be confidential and what is not?

- A. This is a difficult balance to achieve. Communications on behalf of the Company are the responsibility of the Chief Executive. The Company exercises a level of confidentiality similar to what would be expected of a firm of professional advisers acting on the Council's behalf, whilst acknowledging that the Council has requested the Company, through custom and practice, to routinely provide non-commercially confidential information through a variety of channels.

Reasons for maintaining confidentiality focus upon the need to protect information which would, or would be likely to, prejudice the commercial interests of any party, which will normally include Herefordshire Council itself. By the very nature of the work it has been charged with undertaking by Herefordshire Council, the Futures Board is presented with information which is commercially sensitive, particularly when it involves discussions with private sector partners.

In the ordinary course of business, that information is provided on an understanding of commercial confidence; commonly under industry standard legal agreements to that effect, by partner organisations. Such undertakings place a legal obligation upon the signatories to respect the commercial confidentiality of the information supplied.

Consequently, disclosure of some or all of that information would result in, at the very least, a breach of trust, prejudicing Futures ability to negotiate effectively from a position of integrity and good standing on behalf of Herefordshire Council.

Futures is involved in negotiations on a number of developments; the combined values of which ultimately run into hundreds of millions of pounds, which when delivered will have positive outcomes; both direct and indirect, for the local economy. Futures is also routinely in receipt of confidential information provided by private individuals and businesses, disclosure of which could damage their respective interests.

Therefore there is a greater public interest to be achieved by respecting commercial interests, to ensure that partners have confidence in both Futures

and Herefordshire Council.

Furthermore the effect of disclosure could be to prejudice Herefordshire Councils own commercial interests, as it would undermine its ability to negotiate competitively and therefore realise best value in achieving its vision for the regeneration of Hereford.

Ultimately, any decision as to what information should be published in relation to dealings with Council land rests with the Council and any private partners that are party to a contract dealing with that land and will be assessed by them against the terms of any such relevant contract.

5. What future arrangements are to be put in place to share information with the Council and the public?

- A. Herefordshire Council, through the Board, the Gateway Committee and the Task Groups are fully engaged with the work being undertaken by Hereford Futures. In addition Futures also provide regular Member Briefings, and attend the Hereford Localities meetings which is a forum in which local Parish Council can also engage in the debate.

Full details of the projects Futures is tasked with delivering can be found on the company's website (www.herefordfutures.co.uk) as well through its social media on Facebook and Twitter. The company also produce periodic newsletters, the most recent example being the one which was circulated to all Members of Herefordshire Council in December 2012.

In terms of better informing the public, going forward Futures will be publishing the minutes of its Board Meetings, on its website. However for the reasons set out in response to question 4 above, some elements of those meetings will have to remain confidential.

11. Community Impact

- 11.1 There are no community impacts of this update report.

12. Equality and Human Rights

- 12.1 As a report giving an update on the Hereford Futures governance arrangements there is no impact on Equality and Human Rights or on the 9 protected characteristics (as outlined in the Equality Act 2010).

13. Financial Implications

- 13.1 There are no financial implications arising from this update report.

14. Legal Implications

- 14.1 There are no legal implications arising from this update report.

15. Risk Management

- 15.1 The recommendation asks Members to note the contents of the report which sets out an update of adopted Hereford Futures governance arrangements. As a consequence there is no risk associated with this report.

16. Consultees

- 16.1 N/A

17. Appendices

- 17.1 None.

18. Background Papers

- 18.1 Overview and Scrutiny report - 'Hereford futures update' dated 12th October 2012