



**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:**

DATE: 21st March 2018

Report of: Borough Solicitor

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**SUBJECT: CALL IN ITEM - FORMING A DEVELOPMENT COMPANY – OPTIONS
APPRAISAL**

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To advise the Executive Overview and Scrutiny Committee of the reason for the call in of the decision on the above item set out in Minute No. 76 of the Extraordinary Cabinet Meeting held on 28 February 2018.

**2.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY
COMMITTEE**

2.1 That the Committee determines whether it wishes to ask for a different decision.

2.2 That if the Committee does wish to ask for a different decision, the Committee indicates which of the options set out at paragraph 6.1 below, it wishes to pursue.

3.0 BACKGROUND

3.1 At its meeting on 28 February 2018 Cabinet received a report seeking authority to further prepare the arrangements to form a Development Company and outlined options in this regard.

3.2 The decision of Cabinet reads as follows:-

“76 FORMING A DEVELOPMENT COMPANY - OPTIONS APPRAISAL

Councillor Forshaw introduced the report of the Director of Housing and Inclusion which sought authority for further preparation for the formation of a Development Company in order to drive forward the commercial ambitions of the Council.

In reaching the decision below, Cabinet considered the details as set out in the report before it and accepted the reasons contained therein.

- RESOLVED (A) That the Development Objectives set out in paragraph 3.2 of the report be approved.
- (B) That the formation of a single Development Company (Option 2 at paragraph 4.2 of the report) be endorsed as the best approach to delivering the Development Objectives set out in paragraph 3.2 of the report.
- (C) That the indicative implementation plan to establish a proposed Development Company set out in Appendix 5 to the report be endorsed.
- (D) That the Director of Housing and Inclusion in consultation with the relevant Portfolio Holders be authorised to put in place arrangements to form a Development Company in shadow format as identified at paragraph 7.8 of the report.
- (E) That a further report be presented to Council to consider finalising the establishment of the Development Company including presentation of a full business case and proposals for appointment of Directors to the Company.”

3.3 A copy of the report of the Director of Housing and Inclusion as submitted to Cabinet on 28 February 2018 is attached as Appendix 1,

4.0 DETAILS RELATING TO THE CALL IN

4.1 The following reason for call in was given in the requisition:-

“We are of the view that this major issue is being taken forward without the approval of the Full Council and that costs will be incurred and staff employed before Full Council has had the opportunity to consider the matter. We also have concerns about the proposed governance arrangements and the lack of scrutiny.”

4.2 The requisition also provided a different decision which was:

“That the report of the Director of Housing and Inclusion be considered at Council on 25 April 2018, to include the establishment of the Shadow Board, associated staffing costs and the proposed governance arrangements.”

4.3 The following Members of the Executive Overview & Scrutiny Committee signed the requisition for call-in in accordance with the provisions of Overview & Scrutiny Committee Procedure Rule 15:

Councillor Whittington
Councillor D Westley
Councillor Moon

5.0 COMMENTS OF THE DIRECTOR OF HOUSING AND INCLUSION

5.1 A report will be presented to Council in October 2018 to enable consideration of whether to proceed with the set-up of the development company. The report will include:-

- The business case
- Governance arrangements
- Articles of Association
- Any funding agreement requirements

5.2 In order to inform the business case, further scheme analysis will be required which will require an interim staff resource. This is to be funded by grant funding already awarded to the Council from MHCLG specifically for this purpose.

6.0 CONCLUSION

6.1 Following consideration of the decision of Cabinet, the requisition for call in and the comments of the Director of Housing and Inclusion, the Executive Overview and Scrutiny Committee can decide if it wishes to ask for a different decision. If the Committee does not wish to ask for a different decision then the decision of Cabinet takes immediate effect. If the Committee does wish to ask for a different decision, it may:

a. refer the decision back to Cabinet (as the decision making body) for reconsideration, setting out the different decision:

or

b. refer the matter to Council. If the matter is referred to Council and Council does not object, then the decision of Cabinet will take effect immediately from that Council meeting date. If the Council does object, then the decision and the objection will be referred back to Cabinet (as the decision making body) for reconsideration.

6.2 The Secretary of State in his Guidance recommends that Overview & Scrutiny Committees should only use the power to refer matters to the full Council if they consider that the decision is contrary to the policy framework or contrary to or not wholly in accordance with the budget.

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Appendices

1. Report of the Director of Housing and Inclusion “Forming a Development Company – Options Appraisal” considered by Cabinet on 28 February 2018