

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 8 December 2015

Councillor Bob Derbyshire
Cabinet Member, Environment,
Cardiff Council,
County Hall
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CF10 4UW



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Dear Councillor Derbyshire,

Policy Review & Performance Scrutiny Committee: 1 December 2015
ADM Governance – Infrastructure Services Governance Options

Please accept my sincere thanks on behalf of the Committee for attending the Policy Review and Performance Scrutiny Committee to facilitate consideration of the ADM Governance options. Please also pass the Committee's thanks to your officers who supported the scrutiny. Members of the Committee have asked me to pass on the following observations and recommendations following their discussion at the Way Forward.

The Committee notes you were keen to discuss the potential governance arrangements of an arms length company to deliver essential Council services, and is pleased you afforded Members the opportunity to contribute their views on developing proposals in a timely fashion. As you are aware we will join with the Environment Committee to scrutinise the Full Business Case, and should the Council decide to go ahead this Committee also wishes to factor scrutiny of the final contract into its future work programme.

We note the Council has commissioned external legal expertise in preparing this report, and wish to endorse the approach taken by the appointed company, *Bevan Britton*, to work *with* the in house legal team in developing its own internal expertise. We also note that the Council has commissioned external commercial advice from *Peopletoo* and, having heard how important it will be that Board Members and budget holders develop commercial acumen, we would urge that this company takes a similar approach.

To ensure tight control on the Company the Committee wishes to highlight the importance of adhering both to the Companies Act and the Council's governance requirements. We feel that it will be critical to have appropriate accounting procedures and standing orders in place for the new company. We acknowledge that the finance director will be employed by the company and answerable to its Board. Balancing the need for Council control, the Committee also wishes to caution against hampering the Company by putting in place too many reserved powers.

The Committee notes that Member and officer Board Member roles would be one and the same, and feels there needs to be clarity around the Member-Officer relationship. We note with caution your suggestion that in the longer term the Board might have little Member representation and welcome the opportunity to offer our view on this matter.

The Committee:

- Recommends that the Council takes external advice as to Member involvement in the Board;
- Endorses your suggestion that the nominated Member(s) should be non-executive Councillors;
- Endorses your view that the nominated Member(s) should ideally have business skills and expertise; and therefore;
- Considers it appropriate to adopt a competitive process to ensure the right appointment(s).

We understand that, should the proposals be accepted, the scale of the operation will require a Transition Board to be put in place. We will be seeking your co-operation for this Committee to engage with the Transition Board in monitoring the progress of matters that fall within our Terms of Reference, as the Board introduces new arrangements that impact on the finances and staff of the Council.

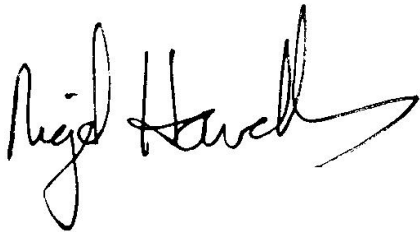
Finally, the Committee wishes to ensure that the new operating arrangements maintain the existing Council ethos of working with SME's. In this respect we would be grateful to have sight of the list of SME's with whom services under consideration for transfer to the new Company are currently working.

To recap, the Committee:

- wishes to scrutinise the final contract should the Council decide to go ahead;
- will be seeking your co-operation to engage with the Transition Board in monitoring the progress of matters that fall within our Terms of Reference;
- will be grateful to have sight of the list of SME's with whom services under consideration for transfer to the new Company are currently working.

Once again on behalf of the Committee, please pass my thanks to all who attended PRAP Scrutiny Committee to brief Members on the proposals for the governance of an arms length company to deliver many of the Council's front facing services. I look forward to scrutinising the Full Business Case together with the Environment Scrutiny Committee in due course.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc

Members of the Policy Review & Performance Scrutiny Committee;
Marie Rosenthal, Director Governance & Legal Services;
Tara King, Assistant Director Environment
Gareth Newell, Head of the Cabinet Office;
Joanne Watkins, Cabinet Business Manager;