

SHAREHOLDER COMMITTEE

23 OCTOBER 2018

COMPANY PROGRESS REPORT

1.0 Purpose of Report

1.1 To note the progress of Arkwood Developments Ltd business activities.

2.0 Background Information

2.1 The Council's Policy & Finance Committee approved the establishment of a development company (Arkwood Developments Ltd) in January 2018 to undertake residential and commercial developments.

2.2 Arkwood Developments Ltd are responsible for delivering the overarching aim of the Council's Commercial Strategy, and Investment Plan, to deliver positive financial returns to the Council's General Fund.

3.0 Proposals

3.1 Arkwood Developments have progressed a number of activities since the company was established.

3.2 A full report on the Company's progress is included in the attached report. Key activities include:

- The Board is in the process of commissioning the necessary preparatory work to enable the submission of a planning application for the residential development at Bowbridge Road, Newark. The business case will also inform the development of the Company's overarching Business Plan.
- The Company are now creating a market identity including the development of a dedicated website and they have established a company logo. The logo is included in the attached report.

3.3 Members are requested to consider the statement included in (para. e) Arkwood's report:

'ICT, Financial services and Information Governance will be procured from the Council. Due to the specialist nature of the required Legal and Human Resource services, the Company will seek to procure these externally.'

In accordance with the signed Governance Agreement between the Council and Arkwood Developments, the agreement states that:

'The Council will provide all support services to the Company, unless the services provided by the Council does not meet the needs of the Company.'

The Council's Business Manager – HR, Legal and OD has commented that she agrees with the view that Legal Services should be procured externally given the specialist nature of the type of advice required e.g. Company Law and limited capacity within the team. However, she is of the view that Human Resources could be delivered by the Council's HR Service, given that the Council currently employ a range of experience (including private sector)/qualified HR professionals operating at different levels/price points. Consequently the Council are in a position to ensure that the Company receive the most cost effective service by ensuring that work activities are allocated for completion at the most appropriate level/price point within the team. This would ensure that the services provided are cost effective whilst also providing the Company with certainty around capacity/resilience in relation to service delivery. The Council already have a track record of providing HR services to Newark and Sherwood Homes, Active 4 Today, Southwell Leisure Centre as well as parishes on an ad hoc basis so it makes sense for the team to also provide services to Arkwood Developments Ltd. It should also be noted that the team have already provided HR advice/support to Arkwood and continue to do so on a regular basis.

4.0 Equalities Implications

4.1 Within the report, reference has been made to the development of a number of policies and processes (para h). When developing the approach, the Company, as a wholly owned Council Company, will need to have regard to equalities implications. The Company will also need to have regard to equalities in relation to the recruitment/appointment of the Managing Director and Non-Executive Director to ensure compliance from a legislative perspective to avoid any potential claims of discrimination.

5.0 Financial Implications

5.1 The Council has created budget provision over the 17/18 and 18/19 financial years of £214,380. This was for the initial set up costs of the Company. To date, costs and commitments incurred amount to £19,653 which leaves a balance of £194,727.

5.2 £100,000 has been formally requested from the District Council's agreed allocated budget (as referred to in paragraph 5.1) to be transferred into the Company's bank account.

5.3 The Service Level Agreements with the Council are still being negotiated and once these have been agreed, cost implications will be brought back to the Committee at a later date.

6.0 RECOMMENDATIONS that:

- 1. the content of the report be noted;**
- 2. the Company be requested to reconsider its position concerning the provision of Council HR services to Arkwood to reflect the original intention as set out in the Governance Arrangement; and**
- 3. the Company note the drawdown of £100,000 from the allocated budget;**

Reason for Recommendations

To note the progress of Arkwood Developments Ltd. business activities.

Background Papers

Nil

For further information please contact Natalie Cook on Ext 5275.

Kirsty Cole
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