## Appendix 1 – Outline of governance to run the joint venture

- 1) A Forward Plan entry and Key Decision by the Cabinet Member for Finance, to declare the site surplus with the option to include it within the JV will be proposed, providing the outline business case indicates that the development returns are within the commercially acceptable guidelines agreed between the JV partners.
- **2)** The WOC instructs the JV LLP that the site or sites are to be considered for inclusion within the JV. The partnering company funds and progresses the design, cost analysis, planning application, site investigations and produces a full business case with planning consent confirming commercial viability, during the set option period.

The independent advisers to the Council monitor and check commercial standards of return and value.

The full business case, with planning consent and funding arrangements is presented to the WOC together with reports from the independent advisers confirming that commercial standards of return and value are met and within the Key Decision. The WOC confirms to the cabinet member the terms of the Key Decision are maintained and the option can be converted to immediately progressing the development.

**3)** The WOC instructs the JV LLP to carry out the development with the partnering company maintaining the agreed funding and commercially acceptable returns. The Council's independent Joint Venture Supervisor and advisers continue monitoring/reporting to ensure standards and value are continued through to completion.

## The Limited Liability Partnership (JV LLP)

The Council will work through the WOC with the partnering company in the partnership contract, being a 50:50 contract between the Council's WOC and the partnering company, at the JV LLP's management board. The board representatives will comprise up to three Council officers, appointed by Council's WOC and up to three persons appointed by the partnering company. Both parties having equal voting rights. In essence, each has a single vote which is collectively representative of the view from their respective organisations.

The day-to-day operational organisation of the JV LLP is funded and run by the partnering company. The partnering company will provide an operations director to lead and run the joint venture delivery.

## The Wholly Owned Company (WOC)

The WOC will have at least one officer director appointed by the Shareholder Group. This person will run the company on behalf of its shareholder, the Council.

Control of the WOC is through the Shareholder Group, which is defined in the Shareholder Agreement. The Shareholder Agreement will set out the requirement for the director(s) of the WOC to run the company in accordance with the wishes of the Shareholder Group.

As the WOC is established with the single purpose to be the Council's partner in the joint venture, and not to operate for other purposes the Shareholder Agreement will reserve to the Council all significant decisions. These will include annual accounts, all business plans and cases relating to individual developments.

The process of a business case progressing from officers, to directors and thereafter to a cabinet member key decision is similar to that as set out in the Council's Standing Order for a project requiring a key decision.

The JV LLP operation is independently overseen by an appointed industry expert adviser, known as the Joint Venture Supervisor, to ensure standards and commercial rigor is maintained. The Joint Venture Supervisor and fund monitoring surveyors are independent assurance advisers.

## The arrangement of companies is: -

