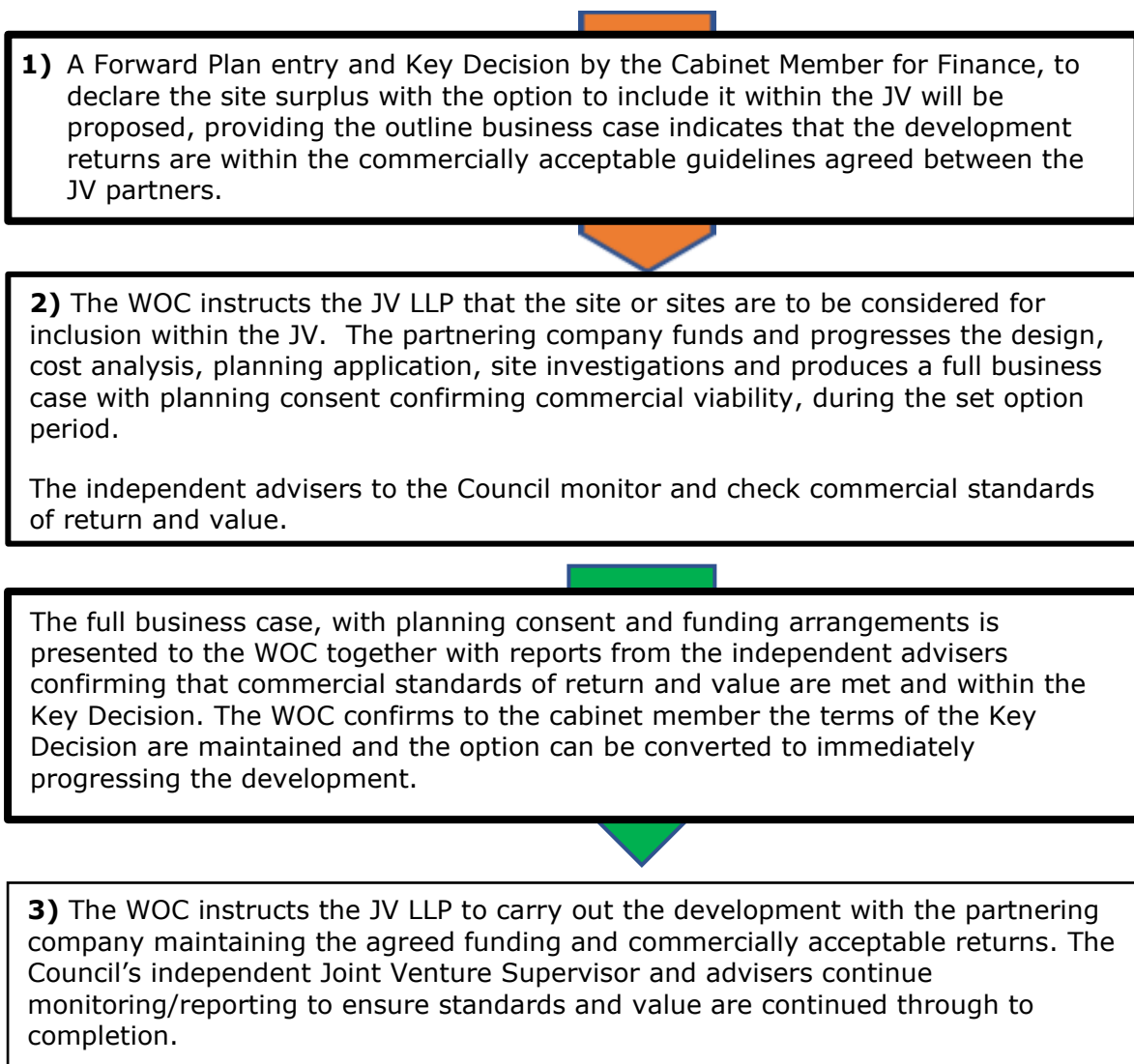


Appendix 1 – Outline of governance to run the joint venture



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: -

