

East Herts Council Report

Executive

Date of meeting: 23 November 2021

Report by: Richard Cassidy, Chief Executive

Report title: Hertfordshire Building Control Company
Development

Ward(s) affected: All

Summary

- To agree a delegation in respect of the effective operation of Hertfordshire Building Control Company

RECOMMENDATIONS FOR EXECUTIVE:

Agree a delegation to the Chief Executive, acting as East Herts Council's appointed company shareholder representative to Hertfordshire Building Control Company to, in consultation with the Executive Member for Planning and Growth, take all those decisions reserved to the shareholder relating to the effective operation of the Company.

1.0 Proposal(s)

- 1.1 To agree to delegate decisions reserved to the shareholder relating to the operation of Hertfordshire Building Control Company as set out in the Recommendation.

2.0 Background

- 2.1 In 2016 East Herts joined together with 6 other Hertfordshire local authorities to form Hertfordshire Building Control

Company, a Teckal company wholly owned by the seven authorities in equal shares. The company is called 'Broste Rivers Ltd'.

- 2.2 The company is managed on a day-to-day basis by a Managing Director, reporting to a Board of Directors appointed by each local authority.
- 2.3 The Deputy Chief Executive is the appointed Director by East Herts Council to the HBC Board and currently also acts as Chairman of the Board. The Board maintains an open dialogue with its local authority stakeholders and currently the Chief Executive acts as the shareholder representative for East Herts Council.
- 2.4 Under the shareholder agreement set up when the Teckal company was formed, certain decision-making powers are reserved for shareholders.
- 2.5 Since its inauguration, the company has turned a collective annual £1.5m loss into, firstly, a break-even position and now a small annual profit.
- 2.6 Despite the COVID 19 pandemic, the company has operated at a small surplus and has continued to offer Building Control Services across the County on behalf of its partners.
- 2.7 Hertfordshire Building Control (HBC) has developed over the years to include Dacorum Council as the 8th full shareholder (which resulted in windfall sum being returned to the council.)

3.0 Reason(s)

- 3.1 By its nature, operating in a competitive commercial environment often means that decisions need to be made swiftly or the commercial opportunity might be lost.

3.5 The delegation is sought in order to enable HBC to act quickly, and not be bound to eight individual Local Authority committee timetables. East Herts Council's appointed company shareholder representative to Hertfordshire Building Control Company is currently the Chief Executive, and any decisions would always be in consultation with the relevant portfolio holder.

4.0 Options

4.1 Proceed with the recommendations allowing the delegated officer and Portfolio Holder to take shareholder decisions, giving the East Herts response to the HBC Board of Directors in relation to business proposals.

4.3 To not delegate decision making to the Council's appointed company shareholder representative to Hertfordshire Building Control Company. This would mean that certain future decisions pertaining to the effective operation of the company would need to come back to the Executive for a decision, meaning that the company would be constrained in how quickly it could take time sensitive commercial decisions.

5.0 Risks

5.1 There are no direct risks to East Herts as the company is separately registered and operated independently.

5.2 Not having a delegation in place puts HBC at a commercial disadvantage in that it slows down its ability to take commercial decisions quickly that require shareholder approval.

6.0 Implications/Consultations

6.1 It should be noted that all 8 local authority shareholders will always be asked to vote for or against any company business proposal.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

None other than those covered in the report

Specific Wards

No

7.0 Background papers, appendices and other relevant material

None

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