

AGENDA

Meeting: Cabinet
Place: The Kennet Room, County Hall, Bythesea Road, Trowbridge, BA14 8JN
Date: Tuesday 7 January 2020
Time: 10.00 am

Please direct any enquiries on this Agenda to Stuart Figini, of Democratic Services, County Hall, Trowbridge, direct line 01225 718221 or email stuart.figini@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

All public reports referred to on this agenda are available on the Council's website at www.wiltshire.gov.uk

Membership:

Cllr Philip Whitehead	Leader of the Council and Cabinet Member for Economic Development
Cllr Richard Clewer	Deputy Leader and Cabinet Member for Corporate Services, Heritage, Arts, Tourism, Housing, Climate Change and Military-Civilian Integration
Cllr Allison Bucknell	Cabinet Member for Communications, Communities, Leisure and Libraries
Cllr Ian Blair-Pilling	Cabinet Member for IT, Digitalisation and Operational Assets
Cllr Pauline Church	Cabinet Member for Children, Education and Skills
Cllr Simon Jacobs	Cabinet Member for Finance and Procurement
Cllr Laura Mayes	Cabinet Member for Adult Social Care, Public Health and Public Protection
Cllr Toby Sturgis	Cabinet Member for Spatial Planning, Development Management and Investment
Cllr Bridget Wayman	Cabinet Member for Highways, Transport and Waste

Recording and Broadcasting Information

Wiltshire Council may record this meeting for live and/or subsequent broadcast on the Council's website at <http://www.wiltshire.public-i.tv>. At the start of the meeting, the Chairman will confirm if all or part of the meeting is being recorded. The images and sound recordings may also be used for training purposes within the Council.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and/or training purposes.

The meeting may also be recorded by the press or members of the public.

Any person or organisation choosing to film, record or broadcast any meeting of the Council, its Cabinet or committees is responsible for any claims or other liability resulting from them so doing and by choosing to film, record or broadcast proceedings they accept that they are required to indemnify the Council, its members and officers in relation to any such claims or liabilities.

Details of the Council's Guidance on the Recording and Webcasting of Meetings is available on request. Our privacy policy can be found [here](#).

Parking

To find car parks by area follow [this link](#). The three Wiltshire Council Hubs where most meetings will be held are as follows:

County Hall, Trowbridge
Bourne Hill, Salisbury
Monkton Park, Chippenham

County Hall and Monkton Park have some limited visitor parking. Please note for meetings at County Hall you will need to log your car's registration details upon your arrival in reception using the tablet provided. If you may be attending a meeting for more than 2 hours, please provide your registration details to the Democratic Services Officer, who will arrange for your stay to be extended.

Public Participation


Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

The full constitution can be found at [this link](#). Cabinet Procedure rules are found at Part 7.

For assistance on these and other matters please contact the officer named above for details

Part I

Items to be considered while the meeting is open to the public

Key Decisions Matters defined as 'Key' Decisions and included in the Council's Forward Work Plan are shown as 

1 **Apologies**

To receive any apologies for the meeting.

2 **Minutes of the Previous Meeting** (*Pages 7 - 12*)

To confirm and sign the minutes of the Cabinet meeting held on 10 December 2019, previously circulated.

3 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

4 **Leader's announcements**

To receive any announcements from the Leader.

5 **Public participation and Questions from Councillors**

The Council welcomes contributions from members of the public. This meeting is open to the public, who may ask a question or make a statement. Questions may also be asked by members of the Council. Written notice of questions or statements should be given to Stuart Figini of Democratic Services stuart.figini@wiltshire.gov.uk 01225 718221 by 12.00 noon on 2 January 2020. Anyone wishing to ask a question or make a statement should contact the officer named above.

6 **Strategic Depot Implementation Plan** (*Pages 13 - 40*)

 Report by Executive Director Alistair Cunningham OBE.

7 **Porton Science Park - Phase Two** (*Pages 41 - 50*)

 Report by Executive Director Alistair Cunningham OBE.

8 **Wiltshire Council Adoption Service: 2019/20 Q1-2, 6 Month Report** (*Pages 51 - 66*)

Report by Executive Director Terence Herbert.

9 **Provision of Loan Facility for Wiltshire College** (*Pages 67 - 74*)

 Report by Executive Director Alistair Cunningham OBE.

10 **Acquisition of Land at Horton Road Devizes** (*Pages 75 - 80*)

 Report by Executive Director Alistair Cunningham OBE

11 **Stone Circle Company Business Plans** (*Pages 81 - 146*)

 Report by Executive Director Terence Herbert

12 **Urgent Items**

Any other items of business, which the Leader agrees to consider as a matter of urgency.

Part II

Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

13 **Exclusion of the Press and Public**

This is to give further notice in accordance with paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following item in private.

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 14 and 15 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

Reason for taking item in private:

Paragraph 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

14 **Acquisition of Land at Horton Road Devizes** (*Pages 147 - 154*)

🔑 Report by Executive Director Alistair Cunningham OBE

This item is exempt due to the business information provided in the Appendix.

15 **Stone Circle Business Plans** (*Pages 155 - 236*)

🔑 Report by Executive Director Terence Herbert

This item is exempt due to the business information provided in the Appendix.

This page is intentionally left blank

Cabinet

MINUTES OF THE CABINET MEETING HELD ON 10 DECEMBER 2019 AT THE KENNET ROOM, COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

Present:

Cllr Philip Whitehead (Chairman), Cllr Richard Clewer (Vice-Chairman), Cllr Allison Bucknell, Cllr Ian Blair-Pilling, Cllr Pauline Church, Cllr Simon Jacobs, Cllr Laura Mayes, Cllr Toby Sturgis and Cllr Bridget Wayman

Also Present:

Cllr Andrew Bryant, Cllr Ruth Hopkinson, Cllr Gordon King, Cllr Steve Oldrieve, Cllr Stewart Palmen, Cllr Horace Prickett, Cllr Jo Trigg and Cllr Robert Yuill

165 **Apologies**

There were no apologies.

166 **Minutes of the previous meeting**

The minutes of the meeting held on 19 November 2019 were presented.

Resolved:

To approve as a correct record and sign the minutes of the meeting held on 19 November 2019.

167 **Declarations of Interest**

There were no declarations of interest.

168 **Leader's announcements**

There were no Leader announcements.

169 **Public participation and Questions from Councillors**

1. Lou Barry asked a question about reduction in car mileage in Wiltshire and sustainable transport options.

The Leader confirmed that Ms Barry had received a response to her question and these had been published on the Council's website prior to the day of the meeting. Ms Barry then asked a supplementary question

about the funding available for future traffic schemes and the potential to divert this funding to climate emergency schemes.

A number of verbal responses were provided by Cabinet members at the meeting which included information about air quality, reduction in town centre traffic, improvements to journey times, alleviating traffic congestion, improvements to the economy and funding of public transport.

The Leader, in response to the questions asked and issues raised, asked Ms Barry to consider and suggest, prior to the next Cabinet meeting on 7 January 2020, how improvements could be made to public transport in Wiltshire and how this would be funded.

The Leader thanked Ms Barry for her question and contribution.

2. Bill Jarvis asked questions about (i) home insulation and renewable heating, and (ii) integrated transport systems.

The Leader confirmed that Mr Jarvis had received a response to his question and these had been published on the Council's website prior to the day of the meeting. Mr Jarvis then asked a supplementary question about the conclusions arrived at by the Climate Emergency Task Group on home insulation and renewable heating, and the need for further investment.

Cllr Clewer provided a verbal response to the supplementary questions which included information about the use of reserves and the availability of national grant schemes.

The Leader, in response to the questions asked and issues raised, asked Mr Jarvis to consider and suggest, prior to the next Cabinet meeting on 7 January 2020, how improvements could be made to public transport in Wiltshire and how this would be funded.

The Leader thanked Mr Jarvis for his question and contribution.

3. Adrian Temple Brown read out a statement about funding for traffic schemes, the need to change policies, and the need for increased awareness of the climate challenge.

Cllr Clewer provided a verbal response to the statement which included confirmation that majority of traffic schemes were funded by the government and that any new policy would need to be considered in light of the information available and be sustainable.

The Leader thanked Mr Jarvis for his question and contribution.

170 **Council Tax Base**

Councillor Simon Jacobs, Cabinet member for Finance and Procurement presented a report which recommended that Cabinet approve the Council Tax Base for 2020/2021.

Councillor Jacobs explained that the Council is required to approve its Council Tax Base annually, in accordance with the Local Government Finance Act 1992 and The Local Authorities (Calculation of Council Tax Base (England)) Regulations 2012. He indicated that the Council Tax Base must be notified to Major Precepting Authorities (the Office of the Police & Crime Commissioner for Wiltshire & Swindon and Dorset & Wiltshire Fire and Rescue Service) and Local Precepting Authorities (Town and Parish Councils) by 31 January 2020.

The Cabinet noted that the proposal had been scrutinised by the Financial Planning Task Group, who were satisfied with the report and had no comments.

Cllr Ruth Hopkinson, Deputy Leader of the Liberal Democrats had no comments on the report.

Resolved:

- 1. To approve the Council Tax Base 2020/2021.**
- 2. To Note that the recommended collection rate adjustments are set at 99.75% and 82.50%, to give a resulting overall collection rate adjustment of 98.92% which reflects current expectations for collection (further details are outlined in the main body of the report).**
- 3. To approve that The Chief Finance Officer (Director Finance and Procurement) is continued to be given delegated authority to determine the estimated Collection Fund balances (council tax and business rates) as at 31 March 2020 by 15 January 2020**

Reasons for Decision:

Before the Council Tax can be set by the Council in February 2020 a calculation must be made and approved of the Council Tax Base, which is an annual requirement as laid out in the Local Government Finance Act 1992.

171 **Mid Year Updated Medium Term Financial Strategy**

Cllr Simon Jacobs, Cabinet Member for Finance and Procurement presented a report which provided an update on the 2020/21 budget setting process and the Medium-Term Financial Strategy (MTFS) 2020/21-2024/25. The report also proposed a new set of financial objectives to help frame the Council's strategic financial direction.

Jane Laurie asked a question about the Strategy and suggested that it should contain a recognition of climate emergency. The Leader confirmed that Ms Barry had received a response to her question and this had been published on the Council's website prior to the day of the meeting. Ms Laurie then asked a supplementary question about the need for additional funding to combat the climate emergency. Cllr Clewer, Deputy Leader and Cabinet member for Corporate Services, Heritage, Arts, Tourism, Housing, Climate Change and Military-Civilian Integration, provided a verbal response in relation to the funding streams available for the Council, general public and community groups to access in order to tackle climate issues.

The Cabinet noted that the proposal had been scrutinised by the Financial Planning Task Group, who raised a number of comments on the proposals in relation to (i) the need for clarity around the financial objective 'To generate income through a commercial approach' and the new financial objectives in general and, (ii) queried whether a corporate contingency budget might be used as an alternative to tight financial control. Cllr Jacobs and Cllr Whitehead, Leader of the Council and Cabinet Member for Economic Development, reported that (i) the Council was in the process of setting up commercial businesses to generate additional funding and details of this had been previously considered by the Cabinet and; (ii) the strategic approach to mitigating against financial risks would include the creation of a corporate contingency/risk provision budget as part of the budget setting process.

Cllr Ruth Hopkinson, Deputy Leader of the Liberal Democrats had no comments on the report.

In response to a comment from Cllr Oldrieve about a concern that the report did not reflect the decision of Full Council in February 2019 acknowledging a climate emergency, Cllr Whitehead and Cllr Clewer explained that the Council's business plan would contain detail about how it proposed to tackle the climate emergency. Initial funding has been provided through capital budgets with future medium and long term proposals being developed through funding from within the Council's revenue budgets.

Cllr Hill provided reassurance that Overview and Scrutiny would be providing an opportunity for councillor involvement in the forthcoming budget setting process, as in previously years.

Resolved:

- 1. That the contents of the report be noted.**

2. That the Financial Objectives set out in the report and detailed below under which the Council plans and operates, be approved:
- a. To ensure that the allocation of all resources is policy and evidence led and ensures delivery of the Councils strategic objectives.
 - b. To provide strong, robust financial management and control in order to deliver a balanced budget and a sound financial framework including a five-year medium-term financial strategy.
 - c. To continue to generate savings and secure value for money through measures aimed at greater efficiency in service delivery and management, including invest to save investments and reductions in activity costs.
 - d. To generate income through a commercial approach.
 - e. To support local residents and businesses through the current challenging economic climate for Local Government.
 - f. To maintain general fund balances at or above the minimum prudent level as determined by the Chief Finance Officer and to add to balances whenever the opportunity arises.
 - g. To undertake investment only where a value for money case can be demonstrated. This will include social value.
 - h. To keep local taxation increases in line with Central Government set limits.

Reason for decision:

To inform Cabinet of the 2020/21 budget setting and Medium-Term Financial Strategy processes.

172 **Western Gateway - a powerhouse for the West**

Cllr Philip Whitehead, Leader of the Council and Cabinet Member for Economic Development presented a report which outlined Wiltshire Councils engagement with the Western Gateway and agree to its ongoing involvement, subject to review after 12 months.

Cllr Whitehead explained that central government had announced its support for cross-border economic collaboration through the 'Western Gateway' in November 2019, with £400k of start-up funding to take the objectives of the partnership forward. The partnership aimed to drive inclusive growth through greater collaboration amongst councils and other partners either side of the Severn estuary.

In response to a question from Cllr Ruth Hopkinson about the benefits of the Western Gateway for areas in Wiltshire south of the M4 corridor, Cllr Whitehead confirmed that the Western Gateway would be of benefit to all of Wiltshire. He

referred to Wiltshire's strong connections with the defence industry and links with the Ministry of Defence at Abbeywood and Cheltenham.

Resolved: To approve Wiltshire Council's participation as a full and equal partner in the Western Gateway; and to review the benefits of the participation after 12 months.

Reason for decision:

The Western Gateway proposal offers the potential means to amplify the voice of Wiltshire with national government and ensuring our desired infrastructure and other needs are better addressed.

173 **Urgent Items**

There were no urgent items.

(Duration of meeting: 10.00 - 11.10 am)

The Officer who has produced these minutes is Stuart Figini of Democratic Services, direct line 01225 718221, e-mail stuart.figini@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115

Wiltshire Council

Cabinet

7 January 2020

Subject: Strategic Depot Implementation Plan

**Cabinet Member: Cllr Ian Blair-Pilling, Cabinet Member for IT,
Digitalisation and Operational Assets
Cllr Toby Sturgis, Cabinet Member for Spatial Planning,
Development Management and Investment
Cllr Bridget Wayman, Cabinet Member for Highways,
Transport and Waste**

Key Decision: Key

Executive Summary

The purpose of this report is to set out the strategic directions for the depot review, including an update on the first phase of that review and detailing the projected service need of the main users of the depots.

All phases of the review will require further consultation with services, contractors, and other stakeholders.

Proposal(s)

Cabinet are being asked to:

- Note progress on phase one of the depot review
- Note the service demands and agree these should form the basis of the future solution for the depot portfolio.
- Agree the objectives of the Phased approach
- Agree the overall strategic approach of identifying sites in the north and south of the County, as part of Phase 2.
- Agree that household recycling centres should be included in the rationalisation review, allowing for options to be considered in a wider context.
- Agree that waste transfer station solutions should be considered, as part of Phase 2.
- Agree to an additional budget allocation of £3.500m for new projects.

Reason for Proposal(s)

To establish the implementation of the strategic depot review so as to facilitate the optimum use of Council assets whilst balancing service needs and future operational market requirements.

Alistair Cunningham OBE - Executive Director Growth, Investment & Place

7 January 2020

Subject: Strategic Depot Implementation Plan

**Cabinet Member: Cllr Ian Blair-Pilling, Cabinet Member for IT,
Digitalisation and Operational Assets
Cllr Toby Sturgis, Cabinet Member for Spatial Planning,
Development Management and Investment
Cllr Bridget Wayman, Cabinet Member for Highways,
Transport and Waste**

Key Decision: Key

Purpose of Report

1. The reports sets out a summary of the progress in respect of Phase 1, provides details of the service needs, see Appendix 1-4, and sets out objectives for Phase 2 of the review seeking to balance those needs against the optimum use of the Council's existing assets and future asset acquisition or investment.

Relevance to the Council's Business Plan

2. The Council delivers statutory services from the depot portfolio and the review will ensure that it can continue to do so from compliant, fit-for-purpose facilities. The services provided span across a number of the Council's Priorities, including:
 - Safer Communities
 - Transport and Infrastructure
3. The review links to aspirations to work with our partners to innovate the way we work, with several services now being delivered from external providers and helping services to transform the way they work.

Background

4. The council continues to have a significant requirement for operational depot facilities from which to deliver its services - waste and recycling collection, highways maintenance, street scene, fleet etc. Whether services are delivered in-house or by contractors, there will always be a need for a local authority to have locations from which to deliver these services. At any one point in time, an external provider may offer to operate from their own facilities rendering one or more council facilities surplus to requirement for a contracted period. However, the council must retain an enduring capacity or risk being a hostage to depot-owning contractors.

5. In a large and rural county, the cost-effective delivery of operational services basic logistics necessitates multiple facilities, based on a geographical spread. The council will therefore always need multiple depot facilities across the county.
6. Parts of the council's depot portfolio are becoming increasingly dilapidated and have suffered from years of under-investment. There are a number of relatively modern and cost-effective facilities, but also an increasing number that are no longer fit-for-purpose with escalating costs for maintenance, compliance, and energy consumption.
7. The February 2018 Cabinet report set out concerns from the Environment Agency (EA) at two sites due to non-compliance relating to contaminants associated with open storage of salt. Phase 1 of the depot review seeks to mitigate and reduce the impact of these issues, with the strategic direction to eradicate by having salts stored under-cover.

Main Considerations for the Council

Key Services - Current Requirements

8. The four major users (Appendix 1 – Local Highways, Streetscene, Winter and Emergency and Waste services) have set out their current and future service need and these are included as Appendices.
9. Analysis of their need indicates that there are no obvious overall synergies across the number of depot and their locations, with the location requirements demonstrated in the table below:

Depot requirements	Streetscene	Waste	Winter	Highways
No. of depots	4	3	5	3
Location considerations	Commute time and public transport	North/West of Salisbury, East/south of Trowbridge, and Chippenham. Near to transfer facilities	Away from residential. Easy access to road network.	8,000 sqm. North along M4 corridor, central west, Salisbury

10. There is an exception with Waste and Highways requiring three sites, although their operations do not mean they need to be co-located.
11. There are a range of other services making use of depots with a list of a few occupiers set out below (the list is not exhaustive):
 - Fleet Services
 - Parking Services
 - Housing Services
 - Environmental Enforcement
 - RoW & Countryside Team
 - Bridge and Structures

12. Whilst the services set out above are important users of the depots, their use and occupation is relatively small in scale for the depots overall.

Phased Approach – Phase 1 update

13. Phase 1, from now until 2022, included works to mitigate the short-term compliance and maintenance issues, close and dispose/develop a number of surplus sites, and deliver associated revenue savings.
14. The main objectives of Phase 1 are now:
 - Upgrade facilities to remove the Environment Agency non-compliance issues
 - Improve the operational efficiency of two sites to deliver fit-for-purpose facilities for the longer term
 - Design the new facilities to reduce the carbon impact of operating the sites
 - Reduce the overall number of depots
15. There is a current budget allocation of £6.150m for depots in Phase 1, as set out in the report to Cabinet in February 2019, and all existing projects (improvement or development of three winter depots) are within this amount.
16. The Winter Maintenance service has a clear statutory need to be in key locations, and the expanded Phase 1 ensures optimum delivery. The reliance on open storage has been reduced by projects already being carried out but to remove this provision entirely new facilities in Chippenham will be required. The revised proposal is to re-use Chippenham Parsonage Way for this purpose.
17. The delivery of winter service in Wiltshire for the precautionary salting of the highway network is dependent on a number of constraints; accurate weather forecast data and strategic geographic location of winter operational depots with gritting vehicles, salt and operatives. The service functions on a 1hr response time and 2hrs treatment time for the treated road network
18. Advances in technologies in recent years has seen the local winter depot in Tisbury closed, Wilton operations moved to increase the winter service based in High Post (Amesbury) and a further aspirations by the Authority to close Mere and operate from Warminster. However, the A350 strategic road towards Shaftesbury and communities in the far south of the county Tollard Royal, Win Green and the Chalk Valley will no longer be able to be effectively served from gritting operations solely based in Warminster and High Post. The high ground in the area presents the greatest vulnerability to extremes of snow in the Authority. This area is modelled as a separate climatic domain receiving separate weather forecast data from our Forecast Provider.
19. The creation of a new strategic salt store in Warminster, as part of Phase 1, significantly improves winter maintenance functions, but creates vulnerability in the South West of the County. Proposals are being considered for a new, small scale satellite winter depot in the area, and may involve the purchase of a small area of third party land.

20. The new projects to be included in Phase 1 are:

Depot	Proposal	Capital Required	Revenue position	Measure of success
Chippenham Parsonage Way	Re-use of site to accommodate Bath Road uses	£1.000m	Capital financing associated with capital - £0.040m	Resolve EA concerns by removing need for open storage at Semington and Bath Road
Hindon Stagger Winter Depot	Creation of new winter depot	£2.500m	Capital financing associated with capital - £0.100m. Revenue budget for Mere Depot to be transferred	Resolve EA concerns by removing need for open storage at Mere Depot
Mere Salt Depot	Closure	None – may result in capital receipt (circa £0.300m)	Revenue budget to transfer to new Hindon Stagger Depot	Disposal / Reuse of site
Chippenham Bath Road Depot	Closure – services transfer to Chippenham Parsonage Way	None	Revenue saving of £0.080m. May be opportunity to rent site and generate income	Close of site and re-use to generate income Site ownership retained to allow for future service delivery
Semington Salt Store	Closure	None	Revenue saving of £0.005m	Alternate uses of the site to be considered

21. These additional projects are now included due to the expanded objective of removing Environment Agency non-compliance, thus providing a long-term solution for winter maintenance.
22. The additional projects for Phase 1 generate additional capital requirement of £3.500m and a net revenue pressure of £0.055m.
23. The revenue pressure will, however, remove all future compliance matters associated with Environment Agency concerns of open storage of salt and will provide the long-term solution for the Winter and Emergency Service.
24. The revenue position will be mitigated by the disposal of site or re-use to generate income. At this stage the level of capital and income generated has yet

to be determined although work will commence after Cabinet have considered this paper.

25. The proposals in Phase 1 result in a decrease of the number of operational depots from 12 to 10.

Phased Approach – Phase 2

26. The approach to Phase 2 will be to consider the Council's remaining depot portfolio against future service need of services and make changes to enable the Council to make the best use of the market in future contract tendering. The aim is to provide strategically based depots to enable efficient delivery of services across the county.

27. The objectives for Phase 2 will be:

- Further reduce the overall number of depots
- Reduce carbon footprint of depots and services using them
- Provide the best balance of need within the depots
- Establish a competitive market position for future service tenders
- Reduce the operating costs of the depot portfolio
- Contractors and client teams make relevant financial contributions to operating costs of the depots

28. In delivering Phase 2 there will be some overlap in the timescales of completion of Phase 1, but the overall timescales will accommodate the contract renewals for waste, highway and streetscene services. The latter may mean that service delivery will be very different to the existing and the demand for depot space will have to reflect this.

29. The relocation of Hills Waste from three depots (Trowbridge Riverway, Devizes Kennett house and Chippenham Parsonage Way) allows an opportunity to consider the use and optimisation of the sites. Two of the sites are reasonably modern and have other services currently operating from them, with the proposal to relocate services into these sites to optimise the use. The site in Trowbridge will not warrant either investment or retention, so finding alternate options if preferred for services that will remain.

30. The future service needs indicate that a new facility in both the north and south of the County will be required. With the future expansion of Chippenham it would be prudent to consider the potential to make use of any existing or future employment allocation given the complementary nature of a depot to such uses. The option for the south should be a site to the north of Salisbury, which should be fed into the local plan review and potential allocation of employment land in that area of the county.

31. To allow for all options to be considered appropriately, the Council may have to include a review of the Household Recycling Centres (HRC) in specific locations. This will not be a full review of the provision as a number of sites are considered fit for purpose. Specific sites will be included where it is in the best interest of both service delivery and resident needs. Regard will be given to the Council's

Waste Local Plan that recognises HRCs as local-scale waste facilities and sets out policies relating to their provision.

32. In addition to the review of HRCs, the Council should consider the location of waste transfer stations within Phase 2, with the main aim of establishing a better market position for future waste delivery. These may be located close or adjacent to future waste depot locations, subject to considerations within the Council's Waste Local Plan.
33. The potential gross revenue savings from rationalising the existing depot portfolio Phase 2 would be in the region of £175k realised from 2021/22. With the need to ensure service delivery in new facilities, business cases will be established, making it difficult to determine (at this stage) revenue and capital implications.

Overview and Scrutiny Engagement

34. The former Chairman of the Environment Select Committee, Cllr Matthew Dean, met with the Head of Estates and Development for a briefing when this item first appeared on the Cabinet Forward Work Programme. At this time, it was agreed that scrutiny engagement would not add value. As the Environment Select Committee is not meeting now until after 7 January, it has been agreed that retrospective consideration of this item would also not add value.

Safeguarding Implications

35. There are no immediate safeguarding implications from this report.

Public Health Implications

36. A key element of the depot portfolio is to provide a base for public health related services to be delivered, including waste collections and highway works. Retention of and improvements in depots will enable those services to continue and mitigate the risk of failure in this area.

Procurement Implications

37. The improvement of facilities and disposal of surplus sites will have a procurement implication and the necessary processes will be followed as necessary.
38. The future procurement of services will also be affected by a change to the depot portfolio, with the risk of not limiting opportunities for competitive tenders being considered at an early stage. To mitigate this, it is proposed that a number of sites are retained, but put to alternate use during the period of existing contracts should proposals to find new sites as part of Phase 2 not materialise.

Equalities Impact of the Proposal

39. It is not considered that there is a direct equalities impact as a result of this report.

Environmental and Climate Change Considerations

40. The depot portfolio plays a part in ensuring that environmental obligations on the council are fulfilled, including the disposal of waste and improvement / maintenance of amenities in Wiltshire. This paper sets out to maintain the ability to deliver these obligations.
41. In addition, the council has a number of statutory functions to undertake, many of which require licencing from the Environment Agency. The proposal mitigates the risk that the Environment Agency will have concerns over the ability to licence sites.
42. Location of the depots is key to a successful portfolio, due to the need for cross county geographical service deliver and this proposal seeks to ensure that depots are located throughout the county to enable efficient delivery of services, reasonable response times and minimise distances travelled to deliver services. In any future review of HRCs, consideration will need to be given to travel implications for residents accessing services.
43. The operations from the depots, either activities or hours, will mean that creative solutions will have to be sought to align with the Council's ambition to reduce the carbon footprint; either through design or on-site mitigation. The design principles adopted will allow for sites to be retro fitted with technology that supports the climate change considerations, including installation of PV panels, EV charging points for operational/staff vehicles or harvesting rain water for washdown facilities.
44. The environmental performance and energy efficiency of the remaining depot portfolio will be reviewed and improvements made as part of the Operational Property Energy Efficiency & Generation Programme.

Risks that may arise if the proposed decision and related work is not taken

45. Lack of a review of the portfolio and a failure to invest in facilities creates clear risks on the continuing delivery of services from depots and may result in the Council failing to meet its statutory obligations.
46. Several depots will be operating at less than capacity yet operating costs will continue to be incurred at a similar level. By not looking at some form of consolidation, revenue savings cannot be realised from the portfolio.
47. The future procurement of services and the ability to invite competitive tenders from a wide range of providers will be at risk if the council does not have suitable, fit-for-purpose, well-located depot sites in the future.
48. In the absence of fit for purpose depots provided by the council our delivery partners will find alternative locations resulting in additional revenue costs to the council as contractors are paying rent to the private sector or the council funding from its revenue budget capital investment made by contractors in new depot facilities.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

49. Through all Phases of this strategy there may be occasions when depot sites are not operating at full capacity with operating costs remaining largely consistent. To mitigate this, sites will be put to alternate council uses or external revenue income streams sought, with the ability to take those sites back at the appropriate time to deliver services.

Financial Implications

50. The total capital request for Phase 2 is £3.5 million, this will be profiled £0.5 million in 20/21 and £3 million in 21/22. If approved this bid will be included in Budget Setting report to Council in February for agreement of the funding.
51. Capital financing costs would be circa £0.140 million per year based on annuity Loan for 50 years at 3.1%. The capital financing budget would need to be increased by this amount in year 21/22.
52. Revenue savings from the closure of Chippenham and Semington total £0.090 million but would not be achieved until 22/23.
53. There is therefore a revenue gap of £0.055 million that would need to be identified in the MTFs.
54. It should be noted that to achieve the objectives for Phase 2 further capital will be required, at the appropriate time.

Legal Implications

55. The proposal ensures that the statutory services are maintained and, where possible, enhances through having better facilities to provide them. It is not an objective to reduce sites to a level that put this service delivery at risk, although there may have to be some adjustment to way in which they are provided.
56. Disposal of surplus sites will have regard to the Council's obligation to achieve "best consideration" as required under statute.

Workforce Implications

57. The proposals in this report do not have direct workforce implications, with the proposals seeking to consolidate the number of depots and improve the working environment for staff.

Options Considered

58. The option of not consolidating and investing has been considered but this may have a direct impact on delivery of statutory services.

Conclusions

59. It can be concluded that to ensure that statutory services are being secured for the future investment in the depot portfolio is required, with revenue savings being an outcome of such investment.

**Alistair Cunningham OBE - Corporate Director Growth, Investment & Place
Parvis Khansari (Director - Highways and Environment), Simon Hende
(Director - Housing and Commercial)**

Report Authors:

Mike Dawson, Head of Estates & Development, mike.dawson@wiltshire.gov.uk,
Tel: 01225 713250

Nick Darbyshire, Head of Facilities Management and Strategic Asset
Maintenance, nick.darbyshire@wiltshire.gov.uk, Tel: 01225 718384

Bill Parks, Head of Highways, bill.parks@wiltshire.gov.uk, Tel: 01225 713283

12 December 2019

Appendices

Appendix 1 – Local Highways Service summary and need

Appendix 2 – Streetscene Service summary and need

Appendix 3 – Winter and Emergency Service summary and need

Appendix 4 – Waste Service summary and need

Background Papers

Strategic Depot Implementation Plan – Cabinet 5 February 2019

Appendix 1 – Local Highways Service summary and need

1. Overview of Headline Service Activities and Current Delivery Approach

- Provision of routine highway maintenance to 4.5k Kms of road network this includes:
 - Small surface repairs using bituminous material
 - Gully Cleansing
 - Highway Sweeping
 - Rural Verge Mowing
 - Sign erection
 - Small Masonry works
 - Parish Stewards
 - Reactive support for Emergencies on the Highway network and the wider council asset including support to emergency services
- To facilitate this adequate material storage should be available to include the hot storage of bituminous material along with masonry products and signage
- Waste receiving facilities for Sweeping arisings, gully waste, Hardcore
- Elements of service outsourced to Ringway Highway Services
- 5-year contract expiring 2021, option on further 2-year extension to 2023
- The delivery of the service is determined by a range of interdependent factors:
 - Quantum of service demand, which is related to the prevailing conditions of the Highway Network.
 - Geographic distribution of Road Network
 - Number of resources required to undertake routine maintenance.
- Efficient use of resources requires minimising travel time as this is unproductive
- Co-location of Client and Contractor supervisory staff

2. Statutory Requirements and Regulatory Imperatives

- Section 41 of the Highways Act 1980 places a duty on local authorities when acting as the Highway Authority to maintain the Highway.
- Civil Contingencies Act 2004 places a duty upon the local authority to plan and deal with emergencies.
- LGV drivers undertaking highway maintenance are governed by EU and UK Drivers' Hours rules

3. Policy and Service Requirement

The delivery of a well maintained and functioning Highway network is critical in delivering the councils objective of supporting economic growth. It facilitates the movement of goods and people, provides access to homes, businesses and key public services, and enables communications and utilities infrastructure to be readily routed. Through a range of different activities delivered by in-house teams and external contractors; the service ensures that adopted highway is safe and fit for purpose. It does this both proactively undertaking such activities safety inspections and reactively in response to situations that may occur at short notice.

4. Will the council always want to offer depot space to potential contractors for this service?

- Yes

5. Future Service Delivery Considerations

- The current extent of the service is at a level that meets statutory requirements, but any reduction is likely to see the service dip into failure. Consequently, it is more likely to see resources expand rather than contract
- Economies of scale are also likely to remain relevant. The council is unlikely to ever devolve responsibility for the service to town and parish councils.
- Potential changes in UK waste policy could result in a requirement to provide free of charge garden waste collections, and possibly separate weekly collections of food waste. This would lead to an increase in the number of collections to be provided.

6. Depot Space and Facilities Requirement

- Parking for varying number of contractors and client vehicles
- Bays for loose storage of aggregate
- Storage area for masonry and ironwork materials
- Storage for signage
- Emergency equipment Store (Sandbags etc)
- Bitmac Hotbox facility
- Fuel bunkering and dispensing facility
- Wash-down facility
- Office space (client and contractor)
 - Including meeting facilities
 - Training room
- Consideration to be given in one depot for provision of office facilities for contractor back office functions.
- Amenity and mess room
- Workshop capacity
- Provision of a licensed waste management area, with impermeable surface and adequate drainage to an interceptor tank, to allow waste produced by local highways sweeping, litter clearance and highways maintenance activities to be stored awaiting transfer to an appropriate treatment or disposal facility.

7. Geographical Location Requirement

- By Community Area, the largest population settlements are Chippenham, Salisbury, Trowbridge, Amesbury and Melksham and reflect.
- For operational and cost efficiency, depots in the north, south and west-central areas are preferable.
- Synergy between maintenance requirements and Winter operations could provide opportunity for siting depot in central East of county,

recognising that winter maintenance drivers are largely drawn from highways operation.

8. Analysis/Modelling Undertaken

While modelling of depot locations has been carried out for the winter maintenance function. It is challenging to model specifics against maintenance functions. It is important that any locations can easily access the primary road network quickly and are geographically spread to minimise travelling times and to ensure that stipulated emergency call out response times are achieved.

9. Council Service Synergies

- There could be benefits to co locating with other services
- While it could be argued that there are synergies to be achieved by collocating with Waste service careful management would be required to avoid vehicle queuing at peak times and any associated inefficiencies arising from shared depot use.
- Co-locating with waste does provide the opportunity to share a permitted or licenced waste management area, saving on the duplication of permit costs and COTC cover, etc
- Fuel/Washdown/Workshop facilities. The shared requirement for fuel, washdown and workshop facilities mean that other services could take advantage of these.
-

10. Summary of Need

- Three depots of approximately 8000 sqm size with full facilities and amenities to support the operational service
- Depots to be located alongside winter maintenance facility where geographic constraints allow
- Depots to be located:
 - North of county along M4 Corridor
 - Central west
 - South Salisbury

Client Resource allocation

Staff

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Technician	8	7	7
Support	2	2	2
Engineer	3	4	3
Manager	1	1	1
Hot desk Available	3	3	3
Total desk	17	17	16

Vehicles

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Car derived Vans	14	14	13
Tanker (18T)	2		
3.5t Van	2	2	2

Contractor

Staff

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Supervisory	1	3	1
Operatives	20	22	21
Major Works teams	2	10	2

Vehicles

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Gully Tank (26T)	1	2	1
Sweeper (18T)	2	2	1
Pick up (5.5T)	2	2	2
Multi use Trailers	3	3	3
Pick Up (Ranger)	6	6	7
Lorry (7.5T)	2	2	2
Hook Lift (32T)	0	1	0
Lorry Tipper (18T)	1	0	1
Back hoe Excavator	1	1	1
Tractor	2	2	2

Structures/RoW/Drainage Sq.M values by depot.

	Depot 1	Depot 2	Depot 3
Bridge/Structures	200	800	200
ROW	250	500	250
Drainage	200	200	200

Appendix 2 – Streetscene Service summary and need

1. Overview of Headline Service Activities and Current Delivery Approach

The delivery of the service is determined by a range of inter-dependent factors:

- Number of vehicles
- Seasonal/working hours of the resources
- Geographical location of depots/waste transfer sites
- Co-location of Client and Contractor
- Efficient use of resources requires minimising travel time as this is unproductive

Therefore, the location of the start and finish locations of the services in relation to the where actual service requirement is located all need to be considered when identifying the number and location of vehicles and depots.

2. Statutory Requirements and Regulatory Imperatives

- Environmental Protection Act 1990 – places a legal duty on local authorities to keep the adopted highway and public open spaces free from litter and detritus
- Code of Practice for Litter and Refuse
- Animal By-Products Regulations 2013 - handling and storing of animal by-products (dead animals)

3. Policy and Service Requirement

Wiltshire Councils Highways and Streetscene services play a leading role in helping to support economic growth in the county whilst at the same time protecting and maintaining the environment along with health and wellbeing.

Together with the associated assets the road network and associated verges and open spaces play a vital role in our modern society. It facilitates the movement of goods and people, provides access to homes, businesses and key public services, and enables communications and utilities infrastructure to be readily routed.

Through a range of different activities delivered by in-house teams and external contractors; the service ensures that adopted highway is safe and fit for purpose. It is a proactive (safety inspections, routine maintenance, scheduled grounds maintenance) and reactive service (safety defects, weather and emergencies, highway cleansing)

Principle legislation that underpins these services are the Highways Act 1980 and the Environmental Protection Act 1990 (Code of Practice for Litter and Refuse).

4. Will the council always want to offer depot space to potential contractors for this service?

- Yes

5. Future Service Delivery Considerations

Economies of scale are also likely to remain relevant. Whilst Wiltshire Council is in the process of service delegation to the twenty main towns within the county, it is unlikely that it will ever devolve responsibility for these services to many of the smaller town and parish councils, particularly those in the “far flung reaches” of the county.

Whilst demand for our services is 24/7, aside from some out-of-hours cleansing; Wiltshire and its contractors still deliver these services on the traditional five day a week basis. In the future the council may have to extend service delivery into evenings, weekends and bank holidays which could impact on existing operating permissions (noise, waste transfer licenses) therefore the future locations of depots need to ensure that operations are not restricted or hindered by out of hours activities.

6. Depot Space and Facilities Requirement

Parking for varying number of vehicles and large ride-on equipment and associated ancillary activities to include;

- External litter bin storage areas
- Fuel bunkering and dispensing facility
- Wash-down facility
- Office space including meeting/training room
- Welfare facilities and mess room
- Workshop facilities and undercover storage for mowers and equipment
- Provision of a suitably sized licensed waste management area, with impermeable surface and adequate drainage to an interceptor tank, to allow for storage of waste prior to disposal including clinical (hazardous) waste

Wiltshire Council has licenses issued by the Environment Agency to operate waste transfer activities at the following locations;

- Churchfields in Salisbury (inc clinical waste)
- Kennet House in Devizes (inc clinical waste)
- Parsonage Way in Chippenham
- Riverway in Trowbridge

In addition to waste transfer, provision is required for the storage of dead animals (domestic pets that are collected/ stored to be microchipped prior to disposal).

Existing Client Requirements:

The existing Streetscene client is made up of;

- 1 x Area Manager (1 x van) - countywide
- 3 x Engineer (2 x shared van) – based at Bath Road and Kennet House
- 2 x Technical Officer – based at Kennet House and Riverway
- 4 x Technician (4 x vans) – locations vary but they are generally co-located with the contractor at the depots identified in the table below.

The above structure is designed to reflect the expected client needs post 2022 and therefore is unlikely to change in the foreseeable future.

Existing Contractor Requirements:

The current service provider identifies the following resources at the locations given;

Number of staff	Vans	Mech Sweepers	Tractors	Ride-on Mowers	Current Depot
25	15		1	7	Bath Road, Chippenham
29	15		2	5	Kennet House, Devizes
33	21	4	1	9	Churchfields, Salisbury
36	20	1	1	6	Riverway, Trowbridge
123	71	5	5	27	

It is impossible to predict what future requirements will be post the expiration of the existing contract in November 2022, however with the completion of the service delegation by this date, the amount of resources required to deliver the service are likely to be less than the numbers given above.

7. Geographical Location Requirement

The service is currently delivered from;

- Bath Road in Chippenham which serves the north of the county
- Kennet House in Devizes which serves the east and north east of the county
- Riverway in Trowbridge which serves the west of the county
- Churchfields in Salisbury which serves the south of the county

8. Analysis/Modelling Undertaken

None.

9. Council Service Synergies

- Whilst the Streetscene service does not need to be located with any other council service, it has closer synergy (street cleansing) with the Waste Service as the product is the same and requires the same treatment and disposal routes.
- Co-location of Streetscene client is desirable to ensure effective communications between Wiltshire and its contractor along with day to day site management of the waste transfer sites
- The requirement for fuel, washdown and workshop facilities means that other council services such as Community Transport and contractors

such as Ringway and Hills could take advantage of these facilities. Given the varying start/finish times of these services it is unlikely access to a licensed waste management area is a necessity to the waste collection contractor who store clinical waste at Kennet House and Churchfields. It is possible that small scale waste transfer could be offered via service delegation

10. Summary of Need

- Four depots with full facilities and amenities to support the operational service (client and contractor)
- Depots to be located alongside or near to transfer or disposal facilities
- Depots to be located:
 - North
 - East
 - South
 - West

Depot locations need to consider the distances that staff and operatives will have to travel to get to work. In recent years it has become harder to recruit frontline staff for these services who are often employed on lower wages. These individuals may also need to rely on public transport or cycle to and from their depot base, so new depot locations need to be close to centres of population with good transport links.

Appendix 3 – Winter and Emergency Service summary and need

1. Overview of Headline Service Activities and Current Delivery Approach

- Precautionary salting and clearance of snow on road network
- Emergency and adverse weather attendance to all incidents on road network
- Co-location of Client and Contractor
- Garaging of gritting vehicles, loading shovels, salt and associated plant, materials and equipment
- Salt is procured by Wiltshire County. Stored in barns in the east of the county at Royal Wotton Bassett, Marlborough and High Post (Amesbury) Open stored elsewhere and subject to Environment Agency constraints.
- Gritting Fleet is hired and maintained by Econ through a 5-year contract expiring in 2024
- Tractors and emergency flood equipment is owned and maintained by Wiltshire County
- Operatives, ancillary winter equipment, plant and materials to support the service is contracted to Ringway Infrastructure Services through a 5-year contract expiring in 2021, option on further 2-year extension to 2023
- The delivery of the service is determined by a range of inter-dependent factors:
 - The 5 Climatic Domains in the county
 - Quantum of service demand (length of treated network, changes in the adopted network, designation status of the road, change to the urban built environment – schools, surgeries, bus routes)
 - Climatological optimisation of their combined primary and secondary gritting network delivered from their current 6 depots with consideration for some rationalisation of depots.
 - Efficiency of routes; travel run-free vs. treated
 - Number of vehicles (currently 24No)
 - Load carrying capacity of vehicles
 - 1-hour response Time; 2-hour treatment Time
 - European Working Hours Directive determining operative shift changes during 24/7 adverse weather
 - Geographical location of depots
- Efficient use of resources requires minimising travel time as this is unproductive.
- Therefore, the location of the start and finish locations of the vehicles in relation to the treated network all need to be considered when identifying the number and location of vehicles and depots.

2. Statutory Requirements and Regulatory Imperatives

- Wiltshire Council are the Highway Authority for the roads within their administrative area
- The legal position relating to the Highway Authority's responsibility in respect of the winter service is set out in an amendment to Section 41(1) Highways Act 1980 (c.66) (duty of highway authority to maintain the highway).

- (1A) in particular; details that a highway authority is under a duty to ensure, so far as is reasonably practicable, the safe passage along a highway is not endangered by ice or snow.
- The statutory basis for winter service was revised by the Secretary of State for Transport in the Railways and Transport Safety Act (2003) which came into force on 31 October 2003.
- Section 111 states:
 - After section 41(1) of the Highways Act (1980) (duty of highway authority to maintain highway) insert - “(1A) In particular, a highway authority are under a duty to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice.”
- The Department for Transport has advised that it is for the courts to decide what is reasonably practicable. However, the Department strongly recommends that local highway authorities continue to carry out winter maintenance in accordance with Section 13 of Well-maintained Highways: Code of Practice for Maintenance Management.
- Environmental Protection Act 1990 – places a legal duty to manage depot operations and the storage of salt, materials and surface water run-off in accordance good practice so as not to damage the environment
- Vehicle drivers are governed by EU and UK Drivers’ Hours rules

3. Policy and Service Requirement

- Wiltshire Council Policy - Reaffirmed by Cabinet 31st October 2014 (agreed and effective from 8th Nov 2014)

“The Group 1 road network should continue as a basis for the precautionary salting network, and that any additions to this if conditions so dictated, would be to progressively treat and plough as much of the highway network as resources allow in a priority order”

The Council’s precautionary salting network and policy has evolved/developed over many years. The objectives of winter maintenance arrangements are to ensure, as far as is “reasonably practicable” within the appropriate resource level, the safe movement of traffic on the highway network in a systematic and priority-based manner. The intention is to minimise delay and incidents that could be attributable to adverse weather conditions for road users throughout the winter period. The recommendations of Appendix H of ‘Well Maintained Highways - Code of Good Practice for Highways Maintenance’ have been reviewed and improvements, as described in the report, are being introduced over time to the Council’s winter maintenance procedures.

- The Winter Service operates 24/7 throughout the months of November – April incl.
- The Emergency Service operates 24/7 throughout the year

4. Will the council always want to offer depot space to potential contractors for this service?

- Yes

5. Future Service Delivery Considerations

- Climatic Domains will not change
- Treated road network will not significantly change
- The number and type of vehicles performing this task may change, but there will be an enduring need for vehicles to perform the function. Therefore, there remains a long-term need for locations from which to operate vehicles, store salt, ploughs/blowers and emergency equipment.
- Economies of scale are also likely to remain relevant. The council will not devolve responsibility for the service to town and parish councils.

6. Depot Space and Facilities Requirement

- Garaging for 27 gritters and 6 loading shovels, 6 tractors,
- Barn for 12,000T salt storage
- Parking staff and operatives
- Covered space for emergency equipment Unimog, pumps and emergency lighting towers, sand bags
- External storage areas for 20 ploughs, 15 blowers and emergency ancillary equipment
- Fuel bunkering and dispensing facility
- Washdown facility
- Weighbridge
- Office space
- Amenity, mess room and training room facility
- Workshop capacity
- Provision, with impermeable surface and adequate drainage to allow compliance with EA

7. Geographical Location Requirement

- For operational and cost efficiencies, a depot is required in each of the Climatic Domain
- Depots must be within easy access of the strategical road network.
- Noise constraint and 24/7 operations dictate that depots should not be sited near any residential development.
- Locating depot sites together with Highway facilities will generate service and cost efficiencies in the long term.

•

8. Analysis/Modelling Undertaken

- Met Office Route Optimisation Scoping Study 2016. Wiltshire Council tasked the Met Office to estimate the potential savings that a full operational and climatological optimisation of their combined primary and secondary gritting network could deliver from their current 8 depots with consideration for some rationalisation of depots.

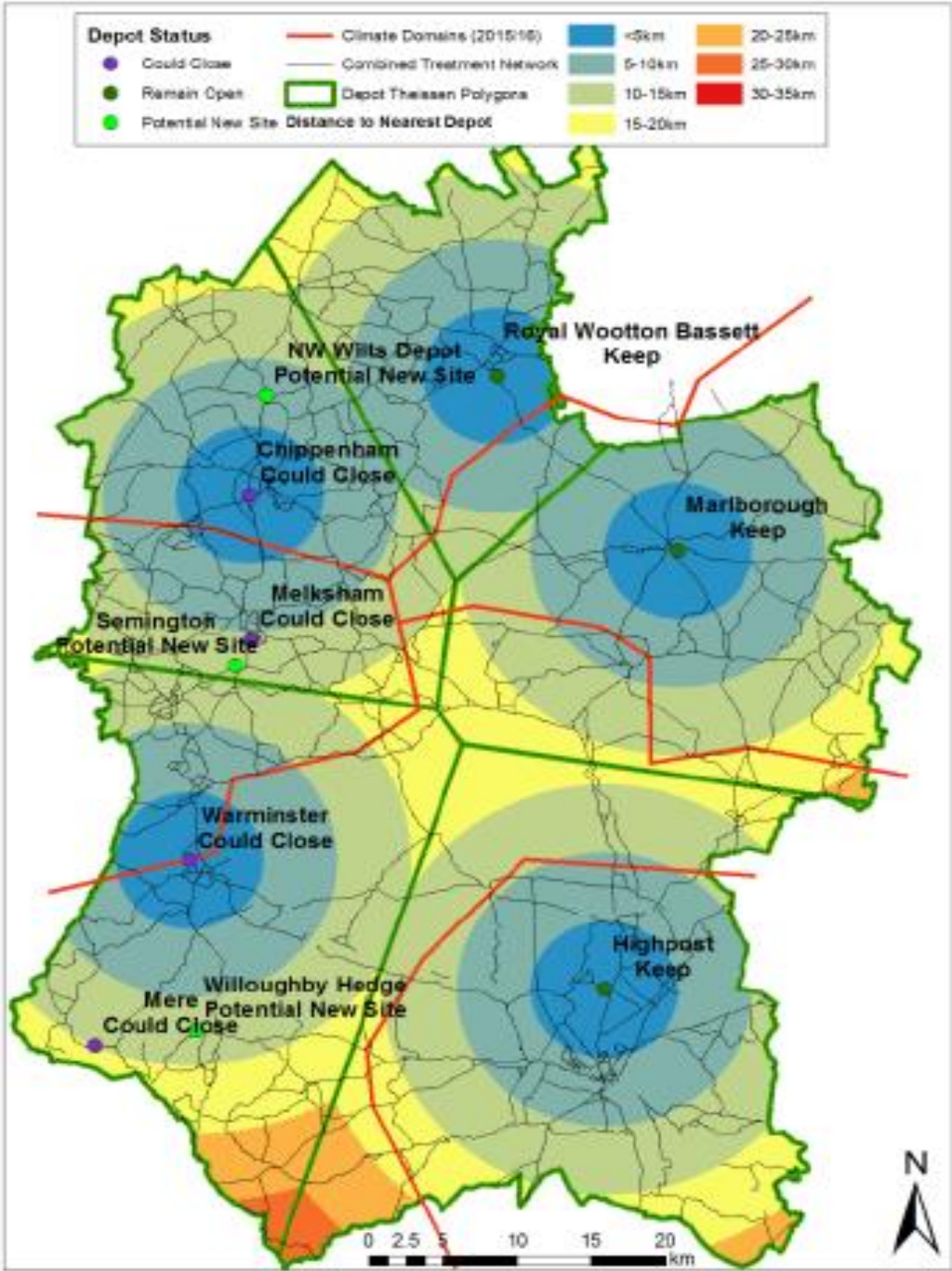
- It is likely that a full operational and climatological route optimisation of Wiltshire Council primary and secondary treatment networks will deliver substantial fleet, mileage and marginal night savings from a reduced network of 5 depots. If these depots are evenly distributed it is likely that mean route efficiency will, at most decrease modestly from 65 to 62.5%. This is much higher than the average efficiency (57%) of the current primary and secondary routes.
- This report recommended 5 depot solutions which include Wiltshire Council's preference to retain Royal Wootton Bassett, Marlborough and High Post and further depot provision at Chippenham and Warminster with a satellite depot south of Warminster

9. Council Service Synergies

- This service does not need to be located with any other council service, but co-location with the Highway service would offer many benefits
- The requirement for fuel, washdown and workshop facilities mean that other services could be shared.
- Contractor's staff and operatives scoped to deliver the winter and emergency service also delivery the Highway service

10. Summary of Need

- Two depots with full facilities and amenities and one satellite depot to support the operational service
- Depots to be located within Climatic Domains (Map Below)
- Depots to be located:
 - South of Warminster
 - Warminster Domain
 - Chippenham Domain



Appendix 4 – Waste Service summary and need

1. Overview of Headline Service Activities and Current Delivery Approach

- Kerbside collection of household residual waste
- Kerbside collection of various household dry recyclable materials
- Kerbside collection of household garden waste
- Kerbside collection of clinical waste
- Kerbside collection of bulky household waste items
- Collection of commercial waste (not currently provided by the council)
- Provision of new and replacement wheeled bins, requiring adequate storage capacity for working stock and suitable space for the repair of damaged bins, and temporary storage of end of life bins.
- Service out-sourced to Hills Waste Solutions
- 8-year contract expiring in 2026, option on further 8-year extension to 2034
- The delivery of the service is determined by a range of inter-dependent factors:
 - Quantum of service demand (number of households, volume of waste and recyclables, application of chargeable waste policies)
 - Number of vehicles
 - Working hours of the resources (e.g. single-shift 1 vehicle 1 crew or double-shift 1 vehicle 2 crews)
 - Geographical location of depots
 - Geographical location of tipping points
- Efficient use of resources requires minimising travel time as this is unproductive.
- Therefore, the location of the start and finish locations of the vehicles in relation to the collections and tipping points, all need to be considered when identifying the number and location of vehicles and depots.

2. Statutory Requirements and Regulatory Imperatives

- Environmental Protection Act 1990 – places a legal duty on local authorities to collect household waste. The nature and frequency of the service is at the discretion of the local authority though the separate collection of certain recyclable materials is also mandatory.
- Local authorities are responsible for providing recycling services and there are general statutory recycling targets.
- Wiltshire Council as a unitary waste disposal authority also has statutory obligations to divert waste from landfill.
- Central Government currently consulting on revisions to UK waste policy which may result in statutory duties to separately collect a wider range of household waste materials, such as food waste, and also a free collection of garden waste (current garden waste collection service is chargeable which limits the numbers of subscribers).
- Waste and Recycling Collection vehicle drivers are governed by EU and UK Drivers' Hours rules

3. Policy and Service Requirement

- Household residual waste is collected fortnightly
- Recyclable materials are collected fortnightly
- Compostable garden waste is collected fortnightly, subject to payment of an annual subscription (37% take up across Wiltshire households)
- Commercial waste is collected at multiple frequencies, though not currently a service provided by the council.
- No collections can be undertaken before 7am
- Service operates on Bank Holidays except 25 and 26 December and 1 January, and on Saturdays following 25 and 26 December and 1 January where these dates fall on Monday to Friday

4. Will the council always want to offer depot space to potential contractors for this service?

- Yes

5. Future Service Delivery Considerations

- Volumes of waste and recyclable material are likely to need collection and transportation for the foreseeable future. The number and type of vehicles performing this task may change, as might the collection locations, but there will be an enduring need for vehicles to perform the function. Therefore, there remains a long-term need for locations from which to operate vehicles.
- Economies of scale are also likely to remain relevant. The council is unlikely to ever devolve responsibility for the service to town and parish councils.
- Potential changes in UK waste policy could result in a requirement to provide free of charge garden waste collections, and possibly separate weekly collections of food waste. This would lead to an increase in the number of collections to be provided.
- Growth in domestic households is tracking at 1.1% per annum, with each household typically producing a tonne of waste and recycling each year. Despite the development of new recycling services and landfill diversion arrangements, the council will still need to collect and increasing amount of waste, and would be likely to need to expand its collection vehicle fleet in the future in order to accommodate this.

6. Depot Space and Facilities Requirement

- Parking for varying number of waste and recycling vehicles collection and vehicles for ancillary activities
- External bin storage areas
- Fuel bunkering and dispensing facility
- Washdown facility
- Office space
- Amenity and mess room
- Workshop capacity

- Provision of a licensed waste management area, with impermeable surface and adequate drainage to an interceptor tank, to allow for some waste collection vehicles to park up whilst carrying waste.

7. Geographical Location Requirement

- By Community Area, the largest population settlements are Chippenham, Salisbury, Trowbridge, Amesbury and Melksham.
- For operational and cost efficiency, depots in the north, south and west-central areas are preferable.
- Locating depot sites along with transfer or disposal facilities will generate service and cost efficiencies in the long term.
- Locating household recycling centres alongside transfer or disposal facilities will generate service and cost efficiencies in the long term.
- Co-locating household recycling centre and transfer or disposal facilities alongside operational depots also provides potential to offer a chargeable disposal route for commercial waste generated by SMEs, and a potential income opportunity for the council.

8. Analysis/Modelling Undertaken

- 2008 – collection round modelling commissioned by the Wiltshire Waste Partnership undertaken by Eunomia determined that a three-depot model with sites in the north, south and west-central areas was the preferred option.
- Current rounds modelling suggests that co-locating depots with transfer or disposal points, close to the largest population centres generates the most efficient rounds. There is a requirement for depot and transfer facilities in the north and the south of the county.

9. Council Service Synergies

- This service does not need to be located with any other council service, co-location benefits are limited
- The requirement for fuel, washdown and workshop facilities mean that other services could take advantage of those. . In a multi-service depot, due to shift patterns and volume of activity, careful management is required to avoid vehicle queuing at peak times and associated inefficiencies arising from shared depot use. Access to a licensed waste management area may be of benefit to the street cleansing contractor, if small scale waste transfer was to be offered (though this activity is subject to increasing service delegation).
- Access to a Waste transfer Station may also be of benefit to the Local Highways service in respect of disposal of materials arising from highways maintenance.

10. Summary of Need

- Three depots with full facilities and amenities to support the operational service
- Depots to be located alongside or near to transfer or disposal facilities

- Depots to be located:
 - North/west side of Salisbury
 - East/south side of Trowbridge
 - North/east/south side of Chippenham

Client Resource allocation

Staff

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Waste Technical Officer	2	2	2
Waste Officer	1	1	1
Hot desk Available	2	2	2
Total desk	2	2	2

* Hotdesking would be the service preference, with a maximum of 2 hot desks required. Occupation would also be anticipated to be occasional, not daily.

Contractor

Staff

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Office based staff	4	4	4
Drivers	40	40	40
Operatives	67	67	67
Total	111	111	111

*Mess facilities required for 107 operational staff per depot

Vehicles (vans)

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Car derived Vans	2	2	2
3.5t Van	4	4	4

Vehicles (large)

	<u>Depot 1</u>	<u>Depot 2</u>	<u>Depot 3</u>
Van / RCV (7.5T)	4	4	4
RCV (15T)	4	4	4
RCV (26T)	23	23	23

* includes spare vehicles

This page is intentionally left blank

Wiltshire Council

Cabinet

7 January 2020

Subject: Porton Science Park - Phase Two

**Cabinet Member: Cllr Philip Whitehead Leader of the Council and Cabinet Member for Economic Development
Cllr Simon Jacobs Cabinet Member for Finance and Procurement
Cllr Toby Sturgis Cabinet Member for Spatial Planning, Development Management and Investment**

Key Decision: Key

Executive Summary

Following the success of the phase one Incubator building at Porton Science Park, which officially opened in September 2018, there is a strong business case to construct an Innovation Centre to support scientific activities linked to the Porton Campus.

Phase two would deliver a research and innovation facility providing; meeting and conferencing space, collaborative workspace, and flexible office and laboratory bench space to support scientific activities linked to the Porton campus. A programme of business support, training and development will be offered, delivered by specialist providers out of the new building. In order to deliver the most financially viable scheme with the best economic outputs, officers recommend to members the option that delivers the most office and laboratory space, generating additional revenue and creating a 40,000 sq ft (3716 sqm) Centre.

A full application for European Regional Development Funding (ERDF) of £2.5 million has been submitted by the council and has been selected to go forward to grant funding agreement. The grant funding agreement is subject to the confirmation of matched funding and the project being at RIBA stage 3.

In order to reach RIBA stage 3 an architect and building contractor have been selected, but not appointed yet, through a detailed procurement process. Therefore, some spend will be required before a Funding Agreement is entered into, to secure the ERDF grant.

This report requests match funding of £2.5 million capital to create the Innovation Centre and support the Business Support package, and an additional £2.5 million to create a larger building housing office and laboratory grow-on space.

Approximately £250,000 of capital would be required this financial year, £4.25 million during 2020/21 and the remaining £500,000 in 2021/22.

The ERDF programme is ending, and this will be the final opportunity we have to apply for funding.

Proposals

Members are asked to endorse funding of £2,500,000.00 capital to enable the draw-down of match European funding for the costs of building a 20,000 sq ft (1858 sqm) Innovation centre at Porton Science Park, and to provide specialist business support, training and development on-site.

Members are asked to endorse an additional £2,500,000.00 capital to fund an additional 1858 sqm, enabling a larger 3716 sqm building to be constructed, which will provide grow-on space, additional employment from the scheme and enable an economy of scale. As with the first phase building at Porton, the additional space will be built as a shell, with a reduced price per sqm charged to reflect the fit-out costs the tenant will bear.

Reason for Proposals

- To progress delivery of Porton Science Park, in partnership with Dstl and PHE.
- To ensure that businesses at Porton Science Park do not need to travel out of the SWLEP area for innovation support because this project will provide free access to this in situ
- To offer flexible space for meetings and a collaborative laboratory space supported by existing ultrafast broadband provision, as well as creative and recreational space to support networking
- To build on existing innovation assets at Porton Science Campus (including the specialist technology which may be made available at Dstl and PHE) and directly develop opportunities for exchange between small and medium sized enterprises and larger research bodies in the area
- To establish links to higher education institutions, researchers and academics on a national basis, as well as Catapult centres and other centres of excellence
- To increase demand from the SME business base for research and development activity by lowering the barrier to entry and providing an affordable space for these activities to be undertaken
- To enhance innovation capacity within SWLEP based SMEs including the ability to undertake end-to-end research and development for new products and process innovations, including opportunities to work in collaboration with research institutes

Alistair Cunningham OBE, Executive Director, Growth and Place

7 January 2020

Subject: Porton Science Park - Phase Two

**Cabinet Member: Cllr Philip Whitehead Leader of the Council and Cabinet Member for Economic Development,
Cllr Simon Jacobs Cabinet Member for Finance and Procurement
Cllr Toby Sturgis Cabinet Member for Spatial Planning, Development Management and Investment**

Key Decision: Key

Purpose of Report

1. This report recognises the importance of the first phase of Porton Science Park to economic regeneration and in developing our sector strengths in the south of Wiltshire and seeks members' endorsement of funding for a second phase of development, to help achieve the long-term vision for growing high value activity in the defence and health/life sciences sectors at this centre of excellence.
2. Endorsement of funding is required to enable the draw down of match European funding for the capital costs of building the centre and providing specialist business support, training and development on-site. The overall funding package cabinet is asked to endorse to deliver the project is £7.5 million. £2.5 million of this will be funded by the European Regional Development Fund. It is proposed that the council both match this amount, plus finance an additional £2.5 million towards the creation of additional commercial space (laboratory and office), in order to generate sufficient income to cover its overall revenue cost of capital.

Relevance to the Council's Business Plan

3. The project is a priority in achieving Key Action 2 of the Council's Business Plan which is to, 'Stimulate economic growth and create additional jobs in partnership with the Local Enterprise Partnership.'
4. Porton Science Park is a priority in delivering Objective 1: Wiltshire Has a Thriving and Growing Economy, in the Council's Business Plan

Background

5. The first phase of the Porton Science Park comprises 3948 sqm of serviced Innovation and Grow-on space for new and growing enterprises in the life sciences and related research sectors. The Centre was funded by Wiltshire Council, UK Government via the Swindon and Wiltshire Local Enterprise

Partnership, and European Regional Development Funding, and became operational in January 2018. The centre is now 90% occupied.

6. Future phases of development at the Science Park are expected to be market-led, centred around specific pre-lets. There will also be a requirement for catering and other social amenities as the park increases. The co-ordination and planning of this work will be taken forward by a Porton Science Park Director (post due to be advertised in February 2020) and guided by the Porton Science Campus Strategic Steering Group.
7. While the first phase has been highly successful and demonstrates potential, it is fundamentally a workspace-focussed facility with no readily available business support on offer, and a recognised and evidenced lack of meeting, conferencing and collaborative space.
8. Two financial models have been developed to test the viability of a second phase of development using European funding, illustrating a 15-year revenue cost calculation for a 1858 sqm centre based on a total project cost of £5m and a 3716 sqm centre with a total project cost of £7.5m. The models show that there is no break even point for the 1858 sqm centre compared to a break-even point in year 5 for the larger build.

Main Considerations for the Council

9. Phase two will deliver a research and innovation facility providing collaborative workspace, flexible office, meeting and laboratory bench space. A programme of business support, training and development will be provided by specialist providers for the Health and Life Sciences Sector (HLS) through the organisation and delivery of a mix of sector-specific conferences, seminars, workshops and one-to-one support.
10. The project will promote and develop interaction between universities, SMEs and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP), enabling universities to strengthen their role as strategic partners in growth in Swindon and Wiltshire. Porton Science Park is strategically positioned to facilitate this with similar objectives to a UEZ (University Enterprise Zone). This approach will help academics, entrepreneurs and businesses achieve and accelerate growth by investing in innovation, research and development activities.
11. Business support will be two-fold, consisting of specialist technical support and business advice for SMEs working at the Science Park, and events designed promote the science park and collaboration between universities and SMEs. These events will consist of a mix of conferences, workshops and seminars. It is anticipated that the successful provider will also deliver multi-day courses for HLS start-ups. The newly built Research and Innovation Centre will provide collaborative workspace, flexible office and laboratory bench space free of charge for these events and business support activities.
12. The phase two “Collaborative Innovation Centre” (Centre), would provide a supportive environment for our existing businesses to grow while reinforcing Porton Down an attractive location to invest. Some businesses already see the supply chain opportunities of being located near some of the UK’s largest, most

innovative firms and the commercial opportunities associated with the Military. They can also be attracted to the area's strategic connectivity to national and international markets and the quality of life on offer. However, the competition faced by Swindon and Wiltshire, and specifically Porton, is fierce because of the concentration of high value-added economic activity in London and the other large English core cities which present a challenge to a science park located in rural Wiltshire. To attract a greater share of foreign and domestic investment to the area it is necessary to leverage and showcase the existing research strengths Porton boasts and the uniqueness of its offer. This project would achieve this objective. It will promote the area and attract new inward investors from around the world, for which innovation is a major business driver.

13. The Centre, being located at an existing and world-renowned science hub, will provide a high-quality environment in which to inspire invention, discovery, and experimentation combined with entrepreneurial prowess. The Centre will encourage greater interaction and collaboration between universities and businesses, allowing universities to establish and strengthen their role as strategic partners in local growth and stimulate further development at the Science Park.
14. Since the first phase Incubation Centre was opened, meeting facilities have been oversubscribed both in terms of number of bookings and size of the space. Recognising this need on the Science Park the European funded phase two building will address this by providing more modern conference and meeting room space.
15. The council has received several expressions of interest both from existing occupiers of the Science Park who are planning for growth, and companies both in the UK and abroad in taking new space at Porton Science Park. This evidence of demand substantiates the business case for creating additional commercial space to grow the Science Park further.
16. To achieve the programme of building work, we have used a modular building Framework to tender for a turn-key contractor (single contractor to deliver all the aspects of the works). Once funding has been endorsed a contractor will be appointed under a pre-construction agreement to carry out RIBA 1-4 services. Once a funding agreement has been entered into with the Managing Authority, formal contract will be entered into with the appointed contractor to construct the new building. Engagement of the successful contractor will be reviewed should we be successful in realising the additional £2.5 million for a larger 3716 sqm building.
17. Market engagement and procurement of Business support providers will be twin-tracked with the latter half of the design and build phase to ensure provision is in place in time for handover and opening of the new Centre.

Overview and Scrutiny Engagement

18. N/A

Safeguarding Implications

19. There are no additional considerations relating to the proposals to deliver Porton Science Park.

Public Health Implications

20. The creation of a significant number of high-quality job opportunities in the Health and Life Sciences at the Porton Science Park will have a beneficial impact on research to address public health issues.
21. Workplace health will be considered as part of this development, and the permitted scheme will incorporate positive design elements which will contribute to general wellbeing.

Procurement Implications

22. This project is intending to use a Framework as a route to market and follow a “develop and construct” methodology. The Southern Modular Building Framework is a recognised OJEU compliant framework established and managed by a neighbouring Local Authority (Hampshire County Council) and we are working closely with them.
23. This project is intending to follow a two-stage process. The first stage is to enter into a pre-construction services agreement with the preferred supply chain partner, with two outputs: Firstly, to carry out design works across RIBA stages 1 to 4, and secondly to provide a lump-sum fixed price to build the proposed Innovation Centre. On acceptance of the design and the price, we will then look to enter into an NEC Building Contract with the Contractor to build the Innovation Centre. This is expected to take place in early Summer 2020, however the Council are under no obligation to proceed to construction.

Equalities Impact of the Proposal

24. There are no equalities impacts arising from the proposal

Environmental and Climate Change Considerations

25. The operator will be expected to adhere to the operation manual for the building, ensuring that both they and tenants occupying the building manage it in an energy efficient way and in line with the BREEAM Very Good specification (or alternative environmental standards providing they can be clearly evidenced) to which it will have been constructed.
26. In line with Wiltshire Council’s recognition of the climate change issue, the development of the Centre has had as an objective carbon neutrality. This will include a combination of roof PV panels providing the maximum load possible, heat recovery units, air source heat pump condensing units and rain water harvesting.

27. This project will work closely with a separate proposal to establish a Combined Heat & Power (CHP) solution at the Science Park. The Innovation Centre will be future proofed to enable connection to the network once established.
28. Providing additional laboratory and office space for growing SMEs in Wiltshire will also reduce the necessity for travel out of the county; offering benefits through reduced carbon emissions, improved air quality and an improved work-life balance. We are also developing a green travel plan with our campus partners to encourage greater car share and park & ride options across the site. Electric car charging points are currently under consideration, for installation as the science park develops.

Risks that may arise if the proposed decision and related work is not taken

29. The European Regional Development Funding available to part-fund the scheme is at risk of loss from the SWLEP area if we cannot bring forward a suitable phase 2 project at Porton.
30. Without endorsement of capital funding we will not be able to enter into a pre-construction services agreement with the preferred contractor, to carry out design works and provide a fixed sum for the Innovation Centre, and the project will not proceed.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

31. There may be a shortfall in occupancy of the Centre, which would result in underperformance in terms of rental income, and additional empty unit costs. Assumptions have been made for both of these issues in the cost calculation used to forecast the building's financial performance. These assumptions are relatively conservative (risk averse); assuming an initial occupancy of 40% rising to 80% overall as at year 5, based on performance experienced at the council's other business incubators (The Enterprise Network) and the current performance of the phase one facility which is operating at near full capacity.
32. Conversely, there may be unexpected incidental costs, for example emergency repairs. The cost calculation for the Innovation Centre includes evidence-based allowances for both fit out and maintenance costs over the 15 year lifetime of the building which should be able to manage all but the most exceptional of circumstances. This will be managed as a "sinking fund", meaning that surplus rental income will be set aside to manage years where there may be a shortfall. This risk and the responsibility for managing the building will lie primarily with the operator, however either failure to properly upkeep the building, or financial distress on the part of the operator, may require the council's intervention.

Financial Implications

33. The total capital request for Porton phase 2 is £5 million, this will be matched with £2.5 million ERDF grant funding that has been secured and is at agreement stage. The full amount will be spent in 20/21.

34. If approved this bid will be included in Budget Setting report to Council in February for agreement of the funding. A virement is also requested in 19/20 from Boscombe Down capital budget for £0.25 million so that works can commence in 19/20.
35. Capital financing costs would be circa £0.198 million per year based on annuity Loan for 50 years at 3.1%. The capital financing budget would need to be increased by this amount in year 21/22.
36. An NPV cashflow has been completed for Phase two, and forecasts that the site can breakeven in year 6 25/26. From year 25/26 the site can cover all forecast operational running costs including the capital financing costs and generate an average return of £0.175 million per year.
37. Modelling has been based on reaching 80% capacity by year 25/25 generating £0.747 million income rising to £1.068 million in 35/36. Operational costs excluding capital financing costs are forecast at £0.339 million in 25/26 rising to £0.461 million in 35/35
38. The risk is that the site does not reach and sustain 80% occupancy and generate a return. Once it has broken even the site can cover operational costs and borrowing costs at 60% capacity however it would not be generating a return.
39. Borrowing is being based on 50 years, this is therefore considered as a long-term investment.
40. ERDF grant conditions will need to be complied with to ensure the full grant amount can be drawn down and claw back is not triggered.

Legal Implications

41. The Council's legal team has been involved in the procurement process which led to the appointment of the contractor through the Southern Modular Building Framework Agreement. The Framework is managed by Hampshire County Council, with whom the Council has signed the User Agreement in September 2019. The Framework Agreement is fully compliant with the relevant procurement legislation, particularly the Public Contracts Regulations 2015.
42. The legal team will support the rest of the process and ensure that all relevant legal agreements entered into by the Council are compliant with the relevant legal requirements. This will ensure that Wiltshire Council is fully protected.

Workforce Implications

43. There will be a requirement for a Lab technician and general Facilities Management to support the new building. It is expected that the council will recruit for these roles using its normal recruitment processes and budget has been allocated in the 15 year revenue cost calculation for the business plan.

Options Considered

44. Do nothing. If the council does not proceed with this project the available European funding will be lost from the Swindon and Wiltshire area. This would have negative financial, economic and reputational impacts and therefore is not the preferred option.
45. Do minimum. European funding must be matched pound for pound. Therefore the minimum scale that can be delivered will be a £5 million project. This model has been tested financially and a building meeting this minimum specification would fail to generate sufficient return to cover its cost of capital finance. This is therefore not the preferred option.
46. Do more. By increasing its capital commitment to the overall project, the council can increase the quantum of commercial lettable space and create a viable scheme. This is the preferred option to deliver the desired economic outputs of the project, and progress of Porton Science Park.

Conclusions

47. The first phase of Porton Science Park has been a great success creating high value new jobs, and growing SME businesses in the life sciences. This report has set out the business case for delivering a second phase of development which will build on, and complement, this success.

Simon Hendeby, Director, Housing and Commercial

Report Author: Richard Walters, Head of Service - Major Projects,
richard.walters@wiltshire.gov.uk,

23 December 2019

Appendices

None

Background Papers

ESIF-ERDF Full application form for Porton Science Park – Phase two.

This page is intentionally left blank

Wiltshire Council

Cabinet

7 January 2020

Subject: **Wiltshire Council Adoption Service: 2019/20 Q1-2, 6 Month Report**

Cabinet member: **Cllr Pauline Church Cabinet Member for Children, Education & Skills**

Key Decision: **Non Key**

Executive Summary

It is a statutory requirement that the Families and Children's Service provides regular assurance reports to the Council regarding its responsibility for the adoption of children. The main mechanism is the provision of the annual year-end report which is supported by a six-month update relating to Quarters 1 and 2 of the financial year.

For this reporting period, two main areas receive particular focus regarding the Service and outcomes for Wiltshire's children:

- The need for timeliness of the assessment of adopters and their match with a child to be adopted, and
- The need for timeliness of the adoption of children with complex needs.

As previously reported, for the year 2018/19, 33 adoption orders were granted, and 27 families were approved as suitable to adopt. In Quarters 1-2 of 2019/20, 14 adoption orders were granted, 11 children were placed for adoption and 14 families were approved as suitable to adopt. A further 4 children have been matched at matching panel in October and November.

Building upon Government priorities for adoption and recognising Wiltshire Council's commitment to improving adoption outcomes in terms of numbers of children being adopted and the timeliness of matches for children requiring adoptive placements, the development of the Service, within the broader context of the development and implementation of Adoption West, has continued. Annual comparative performance is measured using the Adoption Scorecard which, for Wiltshire Council, shows overall continued improvement and is included within this report for information.

The 2018-19 Annual Report described good progress in developing the collaborative arrangements to improve adoption performance. The regional response to this is Adoption West, comprising of six local authorities and a small number of locally operating Voluntary Adoption Agencies working

together to form a new adoption agency. Wiltshire Council is a member of the Adoption West partnership.

The Ofsted inspection of Wiltshire Council Families and Children's Services carried out in June 2019, graded as Good in all domains, said:

"The arrangements for finding children adoptive parents are a strength. The new relationship with Adoption West...is working well and has been seamless for both children and carers. Children in Wiltshire are waiting less time than ever to move in with their adoptive family. The scrutiny of the performance of the RAA [Regional Adoption Agency] is thorough and challenging."

Cabinet has previously received detailed information regarding Adoption West and the role, responsibility and accountability arrangements that are in place.

Proposal(s)

It is recommended that the contents of this report are noted and accepted.

Reason for Proposal

Wiltshire Council is an Adoption Agency registered with Ofsted. The 2014 Adoption Minimum Standards (25.6) and 2013 Statutory Guidance (3.93 and 5.39) describe the information that is required to be regularly reported to the executive side of the local authority to provide assurance that the adoption agency is complying with the conditions of registration whilst being effective and achieving good outcomes for children and service users.

Terence Herbert, Executive Director, Children and Education

Wiltshire Council

Cabinet

7 January 2020

Subject: Wiltshire Council Adoption Service: 2019/20 Q1-2 6 Month Report

Cabinet member: Cllr Pauline Church Cabinet Member for Children, Education & Skills

Key Decision: Non Key

Purpose of Report

1. This report provides an interim six-month report to Cabinet regarding adoption performance within the Families and Children's Service of Wiltshire Council. It is a requirement of the condition of registration as described in 2014 Adoption Minimum Standards and 2013 Statutory Guidance that Cabinet is satisfied that the Service complies with the conditions of registration, is effective and is achieving good outcomes for children.
2. Cabinet received the Annual Report for 2018-19 in July 2019, covering the period from 1 April 2018 to 31 March 2019.
3. There are two main areas of focus for the Service and the impact upon Wiltshire's children requiring adoptive families:
 - The timeliness of the assessment of adopters and their match with a child to be adopted, and
 - The timeliness of the adoption of children with complex needs.
4. This report includes brief information regarding the management of the Service, children who require adoptive placements and those who are placed, the recruitment and approval of adopters, the disruption of placements, children where the plan for adoption changes and the work of the Adoption Panel. There is information about the effectiveness of Adoption West.
5. It is recommended that the contents of this report are noted and accepted.

Relevance to the Council's Business Plan

6. The adoption work of Wiltshire Council Families and Children's Service supports a central priority of the Wiltshire Council Business Plan, to protect those who are most vulnerable. Two specific actions are:
 - To develop an outstanding Adoption Service for all children for whom adoption is in their best interest, and
 - To work with voluntary sector partners to ensure that we offer and deliver a comprehensive array of adoption support services.

7. As indicated in the Annual Report, Adoption West became an Ofsted registered Adoption Agency in October 2018 and become fully operational in March 2019.
8. The responsibility for care planning and casework for the child remains with the local authority. All activity relating to the recruitment, assessment and approval of adoptive parents is with Adoption West. The matching of children with adopters happens at Adoption West Adoption panels with reporting and attendance required of Wiltshire Council children's social workers. The Wiltshire Agency Decision maker has the final say for children's matches.

Main Considerations for the Council

9. The main consideration for the Council is to be assured about statutory compliance and the effectiveness of the Service. In 2018/19 33 children were adopted (an increase from 22 the previous year). Of these, 30 (91%) were placed within 12 months of the decision that adoption was in their best interest being made. In 2018/19 27 families were approved as suitable to adopt (an increase from 19 the previous year). A focus is maintained on ensuring a sufficiency of adopters to meet the needs of children in Wiltshire and the wider Adoption West area.
10. In Quarters 1-2, 14 children were adopted, all of whom (100%) were placed within 12 months of the decision being made that adoption was in their best interest. In this time, 14 families were approved as suitable to adopt
11. Wiltshire's current Adoption Scorecard is included, below, for information. A full commentary was included in the annual report for 2018-19. The most recently published performance to March 2018 shows overall continued improvement. There are three key measures that are included:

A1: the average time between a child entering care and moving in with its adoptive family, for children who have been adopted:

- The local authority three-year average (2015-18) is **397** days. This is significantly shorter than the three-year average of 469 days in 2014-17 and shorter than the England three-year average for 2015-18 of 486 days. The Scorecard shows steady improvement over time.
- Excluding two legacy cases, adopted in 2016, the three-year average figure becomes **337** days for 2015-18
- The local authority figure for 2018-19 is 342 days, up slightly from 326 in the previous year.
- Including Early Permanence placements and legacy cases, locally reported data estimates the figure for 2016-19 as **377** days, a continued improvement on 397 days and a marked improvement on 486 days, remaining significantly less than the England average.

A2: the average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family:

- The local authority three-year average (2015-18) is **173** days. This is a small decrease on the three-year average of 186 days in 2014-17. Excluding two legacy cases this figure becomes 139 days for 2015-18.
- It remains shorter than the England three-year average of 201 days. Overall the Scorecard shows steady improvement over time.
- The local authority one-year figure for 2018-19 is **100** days. In 2017-18 the figure was 132 days.
- The three-year figure still includes 2 children adopted in May 2016 following protracted court proceedings, who were originally placed for adoption in 2014 with the placement orders being granted in 2011. One child has significant additional needs and the second experienced placement disruption prior to being matched with adoptive parents. In addition, 2 children were adopted by their foster carers whose adoption assessments needed to be completed once placement orders were granted. Three adoptive placements were found for a family of 7 children, meaning significant sibling contact was required.
- Including legacy cases where they remain in the three-year period, locally reported data estimates the figure for 2016-19 as **152** days. 2016-19 will be the final three-year average where these legacy cases will have an impact.

A3: the number of children who waited less than 14 months between entering care and moving in with their adoptive family:

- In the three-year period 2015-18, there were **76%** (95) of children who waited less than 14 months between entering care and moving in with their adoptive family. This is an increase from 69% (85) in the previous cycle. The England three-year average (2015-18) is 56%. Locally reported data estimates the figure for 2016-19 as 76% (99) of children. This shows maintenance of high levels of performance over time.

12. As indicated in the previous annual report, the most recent Scorecard three-year averages relate to 2015-18, therefore there has been a further year of work taking place in Wiltshire which has produced the unverified averages described above. This data indicates that the three key measures have continued to improve, with the overall pace and trajectory of improvement being positive. There is significant improvement for indicator **A1** (meaning that more children are being placed in their adoptive placements in a shorter time after being received into care) and **A3** remains high in the context of a tougher definition (a reduction of two months each reporting year). This is good progress. After a year where improvement of **A2** reduced (whilst still including two children who have been hard to place and who are now in adoptive placements), the figure is now reducing once again, demonstrating commitment to seek secure, permanent arrangements for all children where adoption is in their best interest.
13. There is robust tracking of children who require decisions that they Should be Placed for Adoption, through to home finding, matching and the application for Adoption Order.
14. The increased number of adoptive families being found for children across the Adoption West area is encouraging. It remains challenging within Adoption West (and the wider region) to maintain the pool of families who want to adopt children,

particularly siblings, and so it is an Adoption West priority to formulate and implement an effective recruitment strategy. This reflects the national trend. Adoption West is working nationally with the RAA Leaders' Group to develop a national campaign to recruit more adopters over the next six months.

15. Despite this concern, there has not been a sustained impact on timeliness to date, indicated in the Scorecard, below. Q2 data does show a slight slowing of the time it takes for a child to be adopted. It is likely that this slowing is because of the complexity and specific circumstances of individual children moving through the process along with an increase in the average time it takes to complete care proceedings, currently 28 weeks. (this is due to increased use of expert reports and the time to obtain these and judicial availability). However, the numbers are small and the period in question is relatively short and so even a small delay for a given child can affect the timeliness. The impact will be far less when viewed within the scope of a three-year scorecard.
16. Processes are strongly embedded to ensure that family finding starts at the earliest opportunity and that all activities are monitored and completed in a timely fashion. (Previous practice had family finding beginning later in the child's journey with the resultant impact on timeliness.) Adoption West will ensure that best family finding practice is recognised and delivered within Wiltshire and across the Adoption West area.
17. The full Scorecard is as follows overleaf:

Children				Average time indicators																																				
	A1: Average time between a child entering care and moving in with its adoptive family (days)	A2: Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family (days)	A3: Children who wait less than 14 months between entering care and moving in with their adoptive family (number and %)	<p>A1: Average time between a child entering care and moving in with its adoptive family A1 threshold —</p> <p>A2: Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family A2 threshold —</p>						<p>A1: Average time between a child entering care and moving in with its adoptive family, 2015-18 England average - 486 days</p>																														
LA's 3 year average (2015-18)	397	173	95 (76%)	<p>Average number of days</p>						<p>A2: Average time between a local authority receiving court authority to place a child and the local authority deciding on a match to an adoptive family, 2015-18 England average - 201 days</p>																														
Distance from 2015-18 performance threshold (426 and 121 days)	Threshold met	52 days	n/a	<p>Thresholds</p> <table border="1"> <thead> <tr> <th></th> <th>2008-11</th> <th>2009-12</th> <th>2010-13</th> <th>2011-14</th> <th>2012-15</th> <th>2013-16</th> <th>2014-17</th> <th>2015-18</th> </tr> </thead> <tbody> <tr> <td>A1</td> <td>639</td> <td>639</td> <td>608</td> <td>547</td> <td>487</td> <td>426</td> <td>426</td> <td>426</td> </tr> <tr> <td>A2</td> <td>213</td> <td>213</td> <td>182</td> <td>152</td> <td>121</td> <td>121</td> <td>121</td> <td>121</td> </tr> </tbody> </table>							2008-11	2009-12	2010-13	2011-14	2012-15	2013-16	2014-17	2015-18	A1	639	639	608	547	487	426	426	426	A2	213	213	182	152	121	121	121	121				
	2008-11	2009-12	2010-13	2011-14	2012-15	2013-16	2014-17	2015-18																																
A1	639	639	608	547	487	426	426	426																																
A2	213	213	182	152	121	121	121	121																																
1 year trend - Improvement from 2017 to 2018	Average time in 2018 was shorter than in 2017	Average time in 2018 was shorter than in 2017	n/a																																					
3 year trend - Improvement from 2014-17 to 2015-18	Average time in 2015-18 was shorter than in 2014-17	Average time in 2015-18 was shorter than in 2014-17	n/a																																					
England 3 year average (2015-18)	486	201	11010 (56%)																																					
Adopters				Related Information																																				
	Number of approved adoptive families waiting to be matched as at 31 March 2018	Number of applications to become an adoptive family still being assessed (not yet approved or rejected) as at 31 March 2018	Proportion of adoptive families who were matched to a child during 2017-18 who waited more than 3 months from approval to being matched to a child	New ADM decisions	New placement orders granted	Adoptions from care during 2015-18 (with % leaving care who are adopted)	Children for whom the permanence decision has changed away from adoption during 2015-18	Number of children waiting to be placed for adoption (as at 31 March 2018)	Number of children waiting to be placed for adoption with a placement order (as at 31 March 2018)	A10: A1 timeliness where times for children who are adopted by their foster family are stopped at the date the child moved in with the foster family (days)	Number of children in a Fostering for Adoption / Concurrent Planning placement (as at 31 March 2018)	Adoptions of children from ethnic minority backgrounds during 2015-18 (number adopted and % of BME children leaving care)	Adoptions of children aged five or over during 2015-18 (number adopted and % of children aged 5 or over leaving care)	Average length of care proceedings locally during 2015-18 (weeks)																										
LA	10	25	82%	35	30	75 (17%)	10 (9%)	20	10	343	x	5 (10%)	15 (5%)	29																										
England	1,600	1,760	69%	LA -17% National -9%	LA 16% National -15%	12900 (14%)	2450 (11%)	4,500	2,760	412	410	1930 (7%)	2910 (5%)	30																										

18. Management arrangements and staffing within Adoption West and the Local Authority have remained broadly as described in the Annual Report and are compliant with regulation in terms of qualification and experience. A Service Director is leading Adoption West. The appointee was the Wiltshire Adoption Team Manager and a successor Team Manager was appointed. In turn, that person is to act up as Adoption West Service Manager once temporary cover is in place. Whilst this affects the Trowbridge hub of Adoption West, it means that senior managers in that organisation know and understand the context of adoption in this local authority. Adoption West has a Panel Advisor linked to the Trowbridge hub.
19. The core task of the Service is to provide secure and stable adoptive placements for children who require legal permanence and are no longer able to remain living safely with their parents or other family members. Services are delivered by two teams within Adoption West, operating from the Trowbridge hub in relation to Wiltshire Council's children:
- The Adoption Recruitment and Assessment Team
 - The Adoption Support Team
20. In addition, Adoption West is responsible for providing an intermediary service for adopted adults and birth relatives wishing to trace family members, for those wishing to trace adopted children, support for non-agency adoptions (typically step-parents wishing to adopt), and those wishing to adopt children from overseas. This will include people who live in Wiltshire.
21. Adoption West has its own governance arrangement. There is a Board of Directors in place, supported by a Service Manager Group. The agency has its own development plan.
22. The priorities of the 2019-2020 Adoption West Development Plan include:
- Developing a recruitment strategy focussing on adopters for siblings alongside a support offer i.e. Specialist training, mentoring programme
 - Rolling out Child Permanence Report training to local authority child care teams
 - Developing an action plan to progress dual approval and increase Early Permanence placements
 - Implementing best practice based on current research regarding Moving Children to Adoption (the transition planning)
 - Engagement with Adoption UK/AW Adopter Advisory Board
 - Developing an early help adoption support intervention provision for families, to prevent crisis management and potential disruption.
23. As required to be provided to Cabinet, brief performance information and commentary relating to Quarters 1-2 in 2017 is as follows:

Profile of children waiting for an adoptive placement (at end of period)

Legal status	2017/18	2018/19	Q 1-2 2019
Section 20	0	0	4
Interim Care Order	17	10	4
Care Order	0	1	4
Placement Order	3	9	11
Total	20	20	23

Ethnic Origin	2017/18	2018/19	Q 1-2 2019
White British	19	19	21
Mixed/Other	0	0	1
White Irish	0	0	0
Other Ethnic Group	1	1	1
Total	20	20	23

Age	2017/18	2018/19	Q 1-2 2019
0-11 months	9	4	3
12-23 months	2	2	3
2-4 years	5	5	7
5-10 years	4	9	10
11 and over	0	0	0
Total	20	20	23

24. To be noted is that several children remained at home with birth family whilst subject to care proceedings with a care plan for adoption. This meant that other permanence options (such as Special Guardianship Orders) will be considered by the court for these children.

Wiltshire Children adopted

Age	2017/18	2018/19	Q 1-2 2019
0-11 months	5	4	1
12-23 months	8	15	8
2-4 years	5	9	5
5-10 years	4	5	0
11 and over	0	0	0
Total	22	33	14

Rescissions of Placement Orders and Disruptions

25. In 2018-19, 5 rescissions were made where the plan for the child moved away from adoption, leading to the rescission of Adoption and Placement Orders. Wiltshire Council applies rigorous scrutiny to care planning and it is inevitable that there will be developments in a case or a child's situation that means that adoption is no longer in that child's best interest; for example, a family member or parent can resume the care of a child where it had not previously been envisaged, a court may not grant a Placement Order but make a Special

Guardianship Order instead or a plan will move to long term fostering, particularly for older children. In Q1-2, 3 rescissions were made and there are a further 5 children who are currently in this rescission process. This is broadly in line with previous years, reflecting a continuing ambition for Wiltshire's children, and more detail will be included in the annual report.

26. During 2017-18, there were no adoption placement disruptions notified to the Council before an Adoption Order was made. In Q1-2, there have been no disruptions.

27. The following table provides adopter information before the implementation of Adoption West.

Prospective adopters

	2017/18	2018/19
Enquiries to be an adopter	66	67
Applications to be an adopter	30	35
Number of newly approved adopters	18	27
Application to approval:		
0-3 months	0	3
4-6 months	3	19
7-12 months	13	4
Over 12 months	1	1
Number approved adopters unmatched	12	23
Number approved adopters matched	18	12

28. In the period Q1-2 of Adoption West panel activity:

	Bristol Hub	Gloucester Hub	Trowbridge Hub	AW Total
Enquiries to adopt	49	91	43	183
Attendance at Information sessions	23	34	42	99
Applications to be an adopter (ROI)	16	21	21	58
Started stage 1	19	21	17	57
Started stage 2	21	10	10	41
Number of newly approved adopters	13	15	14	42
Number approved adopters not linked or matched at end of period	9	5	5	19
Number approved adopters matched/Linked	16	12	25	53

29. Not all the adopters indicated above, included in the Trowbridge Hub figures, live within Wiltshire, but all those approved by Adoption West would be potentially available for Wiltshire children. The 19 adopters, unmatched in Q1-2 and "waiting", remain potentially available for Wiltshire children.

30. There were 10 Wiltshire children with Placement Orders waiting for placements at the end of Q2. Of these, a sibling group of two plus two under one year olds will be matched at Panel in November. Another child has a potential link with an adopter.

Financial summary of the agency

31. The table below indicates the current budget for the financial year 2018/19:

Adoption Team	2019/20 Budget (£)	Actuals to 30 th Sept 2019 (P6)	2019/20 Forecast (£)	2019/20 Forecast variance (£)
Contract Value with Adoption West	745,450	297,250	634,823	(110,627)
Adoption Support	184,150	238,778	489,472	305,322
Adoption Allowances	324,390	166,359	320,558	(3,832)
Residence Orders	87,520	37,297	79,063	(8,457)
Special Guardianship Allowances	1,733,700	878,119	1,789,988	56,288
Adoption income (from interagency placements)	0	(136,667)	(187,000)	(187,000)
Total	3,075,310	1,481,136	3,126,904	51,694

32. The net overspend in the table above largely relates to an overspend on inter authority fees paid and adoption support packages, some of which can be intensive, reflecting the needs of more complex children. All such plans require agreement from a senior manager before implementation and are subject to regular review to ensure that they remain required and appropriate.

33. With effect from 1st April 2019, there has been a contract for services with Adoption West which is managed by the appropriate Head of Service and scrutinised internally and through the work of the Board of Governors. It provides value to the Council by ensuring that adoptive families are found for Wiltshire Council's children, utilising the increased options for family finding presented by Adoption West.

34. The local authority has retained budget and responsibility for adoption support, adoption allowances, the inter authority budgets and Special Guardianship budgets.

35. There are families who are financially supported to care for Wiltshire children:

	At 31 March 2018 Children/Carers	At 31 March 2019 Children/Carers	Q 1-2 2019
RO/CAO Allowance	11/10	10/9	10/9
Adoption Allowance	32/26	34/27	31/25
Other (SGO)	195/150	213/164	232/179
Total	238/186	257/200	273/213

Adoption Panel

	2017/18 (Wiltshire Council and Adoption West (AW))	2018/19	Q 1-2 2019
No. Panels held	19 (inc AW)	18	8
Adoptive families considered	24* (including 4 assessed by other AW local authorities)	26	16
Matches considered	36 (28 Wiltshire children and 8 from other AW local authorities)	32 (24 Wiltshire children and 8 from other AW local authorities)	10 Wiltshire children (+7 from other AW local authorities)
Relinquished Children	1 (Wiltshire child)	0	0
Reviews of Adopters notified	0	0	0

* Two suitability assessments were considered by panel on 27.3.18 and their ADM decision was made in April. Therefore, they do not appear in the 2017-18 count.

36. Adoption Panels are fully within the remit of Adoption West. During Quarters 1-2, the Adoption Panel complied with Regulation: appraisals for members have been held and Adoption West Training days are implemented. The interim arrangement for Panel matching and suitability recommendations being considered by the Agency Decision Maker (ADM) is robust within Wiltshire Council. The responsibility for suitability decisions will move to Adoption West when further management capacity is secured in that organisation (anticipated early 2020). This arrangement is not causing delay for Wiltshire's children.

Next Steps and Recommendations

37. Performance has remained strong following the implementation of Adoption West in March 2019. To continue the positive outcomes for Wiltshire children who require adoptive families, actions were indicated within the Annual Report and these continue to be relevant:

- By using a range of management and performance information, closely track the effectiveness of adoption practice in terms of children requiring adoptive families to be confident that the implementation of Adoption West does not adversely affect outcome for Wiltshire's children
- Through the Board of Directors, maintain a high level of scrutiny of Adoption West; considering the needs of Wiltshire's children through ensuring good matching and support of adopters
- Support Adoption West through the involvement of an officer within the Senior Management Team of the Families and Children's Service as the lead on adoption and to be the primary connection to Adoption West. This includes managing liaison meetings with ADMs and the Adoption West Advisor.

- Through specific discussion and regular liaison meetings, continue to work with the local judiciary to further improve the way that the courts deal with care cases in a timely manner, recognising the potential delays for children where additional family members (sometimes multiple) may be considered as carers late in proceedings or where additional assessments are indicated
- Ensure that Early Permanence placements for children are identified via Adoption West
- Working closely with Adoption West, ensure proactive family finding practice (anonymised profiles, information days and events, Link Maker, child appreciation events) to ensure the effectiveness of the process to bring about timely identification of potential adoptive matches for children who require adoption
- Hold Adoption West to account to ensure a sufficiency of adopters who can meet the diverse needs of the population of children requiring adoption in Wiltshire. A suitably diverse pool of approved adopters allows matching to begin early in the process, often before a Placement Order is made.
- In cases where it is recognised that the agency may struggle to match children with in-house prospective adopters, request Court consent to feature the children's profiles beyond Wiltshire's boundaries and, through Adoption West, be pro-active in referring children to regional and national family finding services once a Placement Order has been granted (sooner with the consent of the court)
- Continue to ensure that formal Disruption Meetings take place where adoption placements breakdown before Adoption Orders are made to consider key learning to inform whole service improvement.

Background

38. The Wiltshire Council Families and Children's Service provides permanency for children who are no longer able to live safely with their parents or other family members. This is achieved through several ways, one being the provision of quality adoptive placements for children who live in Wiltshire and where a decision has been made that adoption is in their best interest. These adoptive families are assessed and approved by Adoption West.
39. The fundamental requirement of the Service is that children are placed with families who have been assessed as being suitable to adopt. A recommendation of suitability is made by the Adoption West Panel and this is ratified as a decision by the Agency Decision Maker (ADM). Through this process, there is rigorous assurance that approved adopters can provide safe, secure and enduring family placements for this vulnerable group of children. This allows them to grow, develop and thrive in a nurturing, supportive and loving family environment, removed from the stigma of being Looked After by the local authority.
40. To do this, there must be an appropriate range of enduring adoption placements to meet the assessed needs of children who need permanent adoptive families. These families must promote stability, safety and positive outcomes for children by working in partnership with all agencies as required.

41. The legislative basis of this work is the Adoption and Children Act 2002 and the accompanying 2005 Regulations. From March 2019, Adoption West began to fully operate as the Regional Adoption Agency; Wiltshire retains the functions of an Adoption Agency that relate directly to children's planning.
42. The local authority, through reporting to Cabinet, must be assured of regulatory compliance and effectiveness through performance monitoring, challenge and improvement planning.
43. The Families and Children's Service, working in partnership with Adoption West, continues to provide adopters for infants and younger children. Through a programme of recruitment, Adoption West maintains the pool of adopters, including for those who can provide permanence for children who may be considered "harder to place". This group includes older children, sibling groups and children with disabilities. Adoption West is part of the South West Adoption Consortium (SWAC) which works regionally to identify matches for children across the area. Adoption West subscribes to Link Maker, a national online adopter-lead resource to help adopters be linked with children.
44. Adoption West is a Regional Adoption Agency involving six local authorities and a small number of locally operating Voluntary Adoption Agencies. This provides a single Adoption Agency for the region in line with government requirement. Adoption West will have significant impact on outcomes for Wiltshire's children as it will deliver a more effective regional response to adoption and the needs of children.

Safeguarding Implications

45. The adoption of children is carried out within the Families and Children's Service, in conjunction with Adoption West. The work of the Service is delivered in accordance with Wiltshire Children's Services Policy and Procedures, overseen by the Wiltshire Safeguarding Vulnerable People Panel. The local authority has clear and effective safeguarding procedures in place for children and vulnerable adults.
46. This report is for note by Wiltshire Council Cabinet.

Public Health Implications

47. Not applicable - for note by Wiltshire Council Cabinet.

Corporate Procurement Implications

48. Not applicable - for note by Wiltshire Council Cabinet.

Equalities Impact of the Proposal (detailing conclusions identified from Equality Analysis, sections 4 and 5)

49. Not applicable - for note by Wiltshire Council Cabinet.

Environmental and Climate Change Considerations

50. Not applicable - for note by Wiltshire Council Cabinet.

Risk Assessment

51. Risks that may arise if the performance and management of the Families and Children's Service (and Adoption West) regarding the adoption of children is not effective and it does not achieve good outcomes for children:

- Safeguarding risk to looked after children if they are placed with adopters who have not been fully assessed, prepared and supported. Safeguarding is considered a high-level risk within the corporate risk register.
- That the governance and scrutiny arrangements of Adoption West are not robust, impacting upon outcomes for Wiltshire's children.
- An inadequate supply of adopters to meet the needs of Wiltshire children requiring permanence through adoption.
- Reputational risk for the Council if the Agency (and Adoption West) is not effective and does not achieve good outcomes for children who require adoption.
- Reputational risk if statutory timescales are not meet regarding adoption.
- Reputational risk if the Service is rated as Inadequate through inspection.
- Financial risk if placements are made, are unstable and subsequently breakdown leading to children returning to local authority care.

52. Effective delivery of the Service in relation to adoption and the effectiveness of Adoption West, the improvement plan, reporting and challenge will mitigate these risks.

Financial Implications

53. The budget and forecast expenditure are included above, the service is forecasting an overspend which is 8% of the net budget. This pressure relates to packages of adoption support (there are complex children being adopted and when adoptive parents return to seek support from the local authority after Adoption Orders have been granted, sometimes after a number of years, there are increasingly complex packages of support required to support the, now older, children in question). together with inter agency fees, both being higher than budgeted.

54. The cost of supporting an adopted child is less than the average cost of looking after a child in the care system and is often time limited as opposed to costs of care which extend to 18 years old and beyond. Cabinet has previously information relating to the financial implications of Adoption West and the contribution that the Council makes to the organisation. This interim report relates to the work of the families and Children's Service in relation to adoption and *not* Adoption West.

Legal Implications

55. It is a requirement of registration as an Adoption Agency that the Executive side of the Council receive regular written reports regarding the effectiveness,

compliance and management of the Agency. It has been agreed that this will be in the form of an annual report and interim report and so it ensures that legal requirements are met. There are no additional legal implications arising.

Options Considered

56. Not applicable - for note by Wiltshire Council Cabinet.

Conclusion

57. Recent years have seen considerable change within the world of adoption and a focus on improving adoption performance. This has led to the need to review and develop services, amend policy and practice and so increase the effectiveness of the Wiltshire Adoption Service. The implementation of Adoption West has built upon, and taken forward, this improvement, as evidenced in the Scorecard information. At the heart of this is the belief that, for some children, adoption is the best route to legal permanence, security and the opportunity to achieve their potential. Wiltshire Council is committed to improving service delivery and, therefore, outcomes for children. Adoption West brings further significant change and improvement. The Council is an Adoption West partner, working collaboratively and regionally to ensure a whole service approach to prevent delay in securing appropriate adoptive placements for children in a timely and safe way.

Terence Herbert, Executive Director, Children and Education

Report Author: Martin Davis

Head of Service: Quality Assurance, Performance and Outcomes

Contact Details: Martin.Davis@Wiltshire.gov.uk Tel: 01225 712590

November 2019

Background Papers

None

Appendices

None

Wiltshire Council

Cabinet

7 January 2020

Subject: Provision of Loan facility for Wiltshire College

Cabinet Member: Cllr Simon Jacobs - Cabinet Member for Finance and Procurement

Key Decision: Key

Executive Summary

This report seeks consideration of the provision of a loan facility to Wiltshire college.

Proposals

- 1) To agree to provide a loan facility of up to £6.312 million to Wiltshire college subject to obtaining required security for the loan and proof of cash flow to repay the loan.
- 2) Subject to agreeing to provide the loan facility agree to include a capital allocation of £6.312m in the 2020/21 capital programme
- 3) To delegate the detail of the security required and the commensurate interest to be charged on the loan to the Cabinet Member for Finance, Procurement, Transformation and Operational Assets in consultation with the Director of Finance and Procurement
- 4) To delegate to the Director of housing and commercial development the authority to secure the charge on the security offered by Wiltshire college for the loan.
- 5) To delegate to the Director of Housing and commercial development in consultation with the Cabinet Member for Finance and procurement authority to negotiate an option on Wiltshire College land in return for the loan facility.

Reason for Proposals

The proposals will provide a loan facility to enable Wiltshire college to refinance their current loan portfolio. In turn this will enable the Wiltshire College to offer courses to the benefit of young people in Wiltshire as well as enable the Council to generate a return on the loan commensurate with the risk that is presented. The Council will seek to negotiate an option to further its strategic

interests and enable the Chippenham Futures project in return for the loan facility.

Alistair Cunningham OBE. Executive Director of Growth, Investment and Place

Wiltshire Council

Cabinet

7 January 2020

Subject: Provision of Loan facility for Wiltshire College

Cabinet Member: Cllr Simon Jacobs - Cabinet Member for Finance and Procurement

Key Decision: Key

Purpose of Report

1. The purpose of this report is to seek consideration of the provision of a loan facility for Wiltshire College

Relevance to the Council's Business Plan

2. The proposals directly support the Council's objective in the business plan to grow the economy in that it supports high quality higher education provision.

Background

3. A loan of £2.435m has been agreed with Wiltshire college to enable them to complete the redevelopment programme. The loan was secured on assets identified in the report to Cabinet in July as well as an additional asset. Independent advice was obtained on the security provided for the loan.
4. It was not possible to offer the requested loan facility loan facility of £2.5m as the security offered by Wiltshire College was valued at £2.435m based on an alternative use valuation.
5. Wiltshire college has asked the Council whether it would consider offering a further loan facility to cover refinancing of their current loan portfolio and making up the shortfall on the first loan of £65k. The total loan requested is £6.312m. The larger loan would be offered at an interest rate below that for the first loan. The overall margin above public works loan board rates I would be lower compared to that achieved on the first loan but the cash return to the Council would be higher. In addition, if the college offered its Lackham college site as security for the loan this may offer the opportunity to bring forward negotiations on land requirements for the Chippenham Futures programme such that the Council secures an option on the land required if the preferred route crosses that site.
6. There will be need to include a new allocation on the 2020/21 capital programme to cover the value of the new loan.

Main Considerations for the Council

7. Wiltshire Council has statutory duties in respect of education, including a general duty to secure that efficient education is available to meet the needs of the population in Wiltshire (Section 13 Education Act 1996). There is also a statutory duty to promote high standards of education, ensuring fair access to opportunity for education and training and to promote the fulfilment of learning potential (Section 13A Education Act 1996). These duties apply to persons under the age of 20 and persons over 20 and for whom an Education, Health and Care plan is maintained
8. The Cabinet agreed to provide a loan facility to Wiltshire college at its meeting in July to enable the college to complete its redevelopment of its Salisbury and Lackham college campus.
9. The first loan facility has been agreed. As part of the negotiations on the first loan it became apparent that the Council could offer further loan facility that would enable the college to refinance its existing loan portfolio. Subject to the college being able to offer sufficient security and proof of cash flow to repay the loans the refinancing would prove advantageous to the College and also the Council due to the margin on the loan.
10. The Council is subject to state aid rules when selectively providing financial support to third parties.
11. There are three exemptions that the Council could rely upon to ensure a loan facility is state aid compliant; the first is the market economy investor principle and lending on commercial terms, the second is a comparable EC proxy based on the level of collateralisation provided for the loan and a credit rating for the college which would establish a percentage mark up on the base rate and lastly the Council could conclude that the college is not an economic undertaking under state aid rules meaning it can provide a loan on sub-market terms. Following external advice it has been established the Council can rely on the third exemption.
12. If the Council is minded to support the provision of loan facility then it will be necessary to undertake work to establish the loan rate and it is recommended that the detail of the arrangement is delegated to the cabinet member finance, procurement, transformation and operational assets in consultation with the Director of Finance and procurement. In addition, if the College offers its Lackham college site as security it will offer the Council the opportunity to seek an option on land that could be required to further the Chippenham Futures project in return for the facility.

Overview and Scrutiny Engagement

13. This report will be considered by financial planning task group.

Safeguarding Implications

14. No significant implications have been currently identified

Public Health Implications

15. Evidence shows that high quality education and learning can have a significant impact on both economic well-being and social inclusion. It is strongly linked with higher earnings, lower chances of becoming unemployed, better health and reduced crime. The provision of this loan facility will improve opportunities for Wiltshire College to deliver a high quality offer which, in turn, could have a positive impact on the health of our population.

Procurement Implications

16. There are no procurement implications arising from this loan proposal.

Equalities Impact of the Proposal

17. No significant implications have been currently identified

Environmental and Climate Change Considerations

18. No significant implications have been currently identified

Risks that may arise if the proposed decision and related work is not taken

19. Wiltshire College would not be able take advantage of the advantageous interest rate offered by the Council and in turn the Council would not be able to bring forward negotiations on the land required in relation to the Chippenham Futures project..

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

20. If the loan facility is provided there is a risk that Wiltshire College will be unable to meet the repayment obligations. This risk is mitigated by ensuring the Council has independent advice on security offered and audited accounts to show the colleges ability to meet the repayment obligations..

Financial Implications

21. A capex loan for £2.435 million has already been approved by Cabinet for Wiltshire College. This proposal is for two additional loans to be issued; a further £0.65 million capex loan and a £6.247 million re-financing loan. This will bring the total loan value up to £8.747 million.
22. The additional loans would need to be fully securitised on assets that could be realised assets and that are not charged by lenders. The length of the loan agreed will not exceed the useful economic life of the securitised asset in order to protect the Council from risk.
23. The interest rate would be determined to ensure that any interest on borrowing paid by the Council is fully mitigated and Legal advice will be sought to ensure the rate is set at a level that complies with state aid legislation. The rate will not be at commercial levels but will be set at a level to ensure it is favourable to the

College in order to bring forward negotiations on the land required in relation to Chippenham Futures project.

24. The Council will benefit financially from the margin on the loan.
25. Full due diligence will take place including scrutiny of credit check, cashflow projections, financial standing, and independent valuation of assets for security.
26. The risk to the Council is default or late payment of Loan repayments, worst case this would result in a charge to the Councils General Fund.

Legal Implications

27. External legal advice has been sought from Bevan Brittan LLP on the state aid implications associated with this proposal. Bevan Brittan has advised on how the arrangements could be structured, as set out in paragraph 11 above
28. Legal is satisfied with the external legal advice received from Bevan Brittan LLP confirming that Wiltshire College is not an economic undertaking under state aid rules.
29. Wiltshire Council is relying on its powers to lend contained in Section 1 of the Localism Act 2011 and Section 12 of the Local Government Act 2003.
30. Wiltshire Council must enter into a robust and legal-binding Loan Agreement with Wiltshire College which sets out the loan arrangements and obligations on both parties clearly.
31. Wiltshire Council's loan to Wiltshire College should be secured by Wiltshire Council taking a Legal Charge over Wiltshire College's land - with the potential possibility of an additional Option over Wiltshire College's land also considered and taking appropriate advice from Legal's Property Solicitors, and consulting with the Estates Team in Wiltshire Council.

Workforce Implications

32. Not applicable

Options Considered

33. The Council could decide not to offer the loan. This will deny the college a financially advantageous offer that will enhance its ability to offer post 16 education in Wiltshire and in turn deny the Council the financial benefit from the margin on the loan. As such it is recommended that the offer of a loan is investigated.
34. The report sets out the three options that will be assessed to establish the best approach to offer a loan based on due diligence that will be presented to the cabinet member to inform the detailed arrangements

Conclusions

35. It is recommended to agree in principle to offer a loan facility to Wiltshire college subject to due diligence to ensure that the offer is state aid compliant, sufficient security is offered, cash flow demonstrates ability to repay the loan and an option on Wiltshire college land to further the Chippenham futures project is secured.

Alistair Cunningham OBE, Executive Director of Growth, Investment and Place

Report Author: Simon Hendey, Director Housing and Commercial Development

23 December 2019

Appendices

None

Background Papers

State aid advice on loan to Wiltshire college provided by Bevan Brittan.

This page is intentionally left blank

Wiltshire Council

Cabinet

7 January 2020

Subject: Acquisition of Land at Horton Road Devizes

**Cabinet Member: Cllr Philip Whitehead - Leader of the Council and
Cabinet Member for Economic Development**

Key Decision: Key

Executive Summary

The Council has been approached by representatives of three companies which would like to construct new employment facilities on land at Horton Road Devizes. The site is shown on the site plan in Appendix A.

The owner of the main site is reluctant to sell individual plots, preferring to dispose of the whole.

It is proposed that the Council acquires the whole site, together with the adjoining skid pan owned by the Office of the Police and Crime Commissioner, then sells individual parcels to those or any other interested companies. Any remaining land could be developed for employment purposes by the Council as an investment.

Proposals

To recommend to Full Council:

1. That the Council acquires, subject to the grant of planning permission, the land at Horton Road Devizes, including the skid pan
2. To dispose of individual plots to companies to enable employment development to take place
3. To construct employment units on any remaining land as a commercial investment

Reason for Proposals

To enable employment development to take place thereby safeguarding and creating jobs in accordance with 'Growing the Economy' section of the Council's Business Plan

Alistair Cunningham OBE, Executive Director, Growth, Investment and Place

7 January 2020

Subject: Acquisition of Land at Horton Road Devizes

Cabinet Member: Cllr Philip Whitehead - Leader of the Council and Cabinet Member for Economic Development

Key Decision: Key

Purpose of Report

1. The Council has been approached by representatives of three companies which would like to construct new employment facilities on land at Horton Road Devizes.
2. The owner of the main site is reluctant to sell individual plots, preferring to dispose of the whole. This site is shown edged red on the site plan in Appendix A.
3. It is proposed that the Council acquires the whole site, together with the adjoining skid pan owned by the Office of the Police and Crime Commissioner (shown coloured pink on the site plan), then sells individual parcels to those or any other interested companies. Any remaining land could be developed for employment purposes by the Council as an investment.

Relevance to the Council's Business Plan

4. The acquisition of the land by the Council will enable employment development to take place thereby safeguarding and creating jobs in accordance with 'Growing the Economy' section of the Council's Business Plan

Background

5. The site, including part of the skid pan, extends to approximately 8.5 hectares (21 acres), is allocated in the Council's Core Strategy for employment development, with specific reference in Appendix A: Development Templates For Strategic Allocations (pages 338 – 341).
6. The owner of the site has offered the site for sale as a whole but has so far been unable to find a purchaser.
7. The Council has been approached by the representatives of three Wiltshire based companies, all of whom have ambitions to expand and modernise their facilities. Their combined requirements are still being refined, but an initial assessment identifies that the vast majority, if not all, of the net developable area of the site and the skid pan would be absorbed.

8. The land owner is reluctant to sell the site by way of individual plots, however an acquisition and subsequent disposal in parts would unlock this strategic employment development site.

Main Considerations for the Council

9. The Council's Employment Land Review dated May 2018 at section 7.3 (page 67) states:

'The findings of this report are that there are supply side issues which if not addressed will act as a constraint on economic development in Wiltshire'

10. The section identifies a number of interventions that should be considered by the Council including:

'Purchase of part or all of a site to enable development to take place'.

11. The land owner has accepted an offer from the Council, conditional upon the grant of planning permission for the site and subject to approval from Cabinet and Full Council.
12. The owner of the adjoining skid pan, the Office of the Police and Crime Commissioner, has indicated that it would be prepared to sell the land to the Council.
13. The representatives of the three companies have agreed in principle that their clients would be prepared to enter into a binding transaction to acquire the part of the site that would meet their requirements immediately following the purchase by the Council.

Overview and Scrutiny Engagement

14. No engagement has taken place with the relevant leading Members of the Overview and Scrutiny function at this stage.

Safeguarding Implications

15. No safeguarding risks have been identified.

Public Health Implications

16. Any public health implications would have been taken into account when the site was allocated for employment development in the Council's Core Strategy

Procurement Implications

17. If there is part of the site that the Council intends to develop out itself as a commercial investment, then this will be conducted in accordance with all procurement rules and regulations.

Equalities Impact of the Proposal

18. There are no negative equalities implications arising from the proposals contained in this report.

Environmental and Climate Change Considerations

19. The Council's Core Strategy for employment development at Appendix A: Development Templates For Strategic Allocations (pages 338 – 341) identifies and recommends action that should be taken if the site is to be developed, including: transport, green infrastructure and biodiversity, ecology, landscape, archaeology and historical interest.

Risks that may arise if the proposed decision and related work is not taken

20. If the Council does not acquire the site then the three companies may decide to relocate outside of the county thereby resulting in job losses.
21. In addition, the landowner may consider submitting a planning application for residential development on all or part of the site thereby potentially leading to the loss of some or all of this strategic site for employment development.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

22. There is a risk that one or more of the three companies may decide to not acquire their part of the site. In such circumstances the Council could develop the site itself on a speculative but phased basis. It is considered that there is demand from local companies for small to medium sized employment units.
23. There is a risk that planning permission is refused. The representatives of the three companies have agreed in principle to share the costs incurred in submitting a planning application together with the costs of obtaining the appropriate expert consultants to support the application

Financial Implications

24. The financial implications are set out in the confidential report submitted to this meeting of Cabinet.

Legal Implications

25. The legal implications are set out in the confidential report submitted to this meeting of Cabinet.

Workforce Implications

26. The acquisition and the subsequent sales will be dealt with by Council officers within the existing structure.

Options Considered

27. The Council could decide not to acquire the site and skid pan in which case the three companies may decide to relocate elsewhere. In addition the site may not be developed for employment purposes.
28. Both would have negative implications for job retention and creation.

Conclusions

29. The acquisition of the site, together with the skid pan, provides an opportunity for the Council to actively intervene to enable employment development to take place at 'stalled sites' as identified by the Council's Employment Land Review dated May 2018.

Alistair Cunningham OBE, Executive Director, Growth, Investment and Place

Report Author:

Chris Hilton, Interim Head of Economic Development

20 November 2019

Appendices

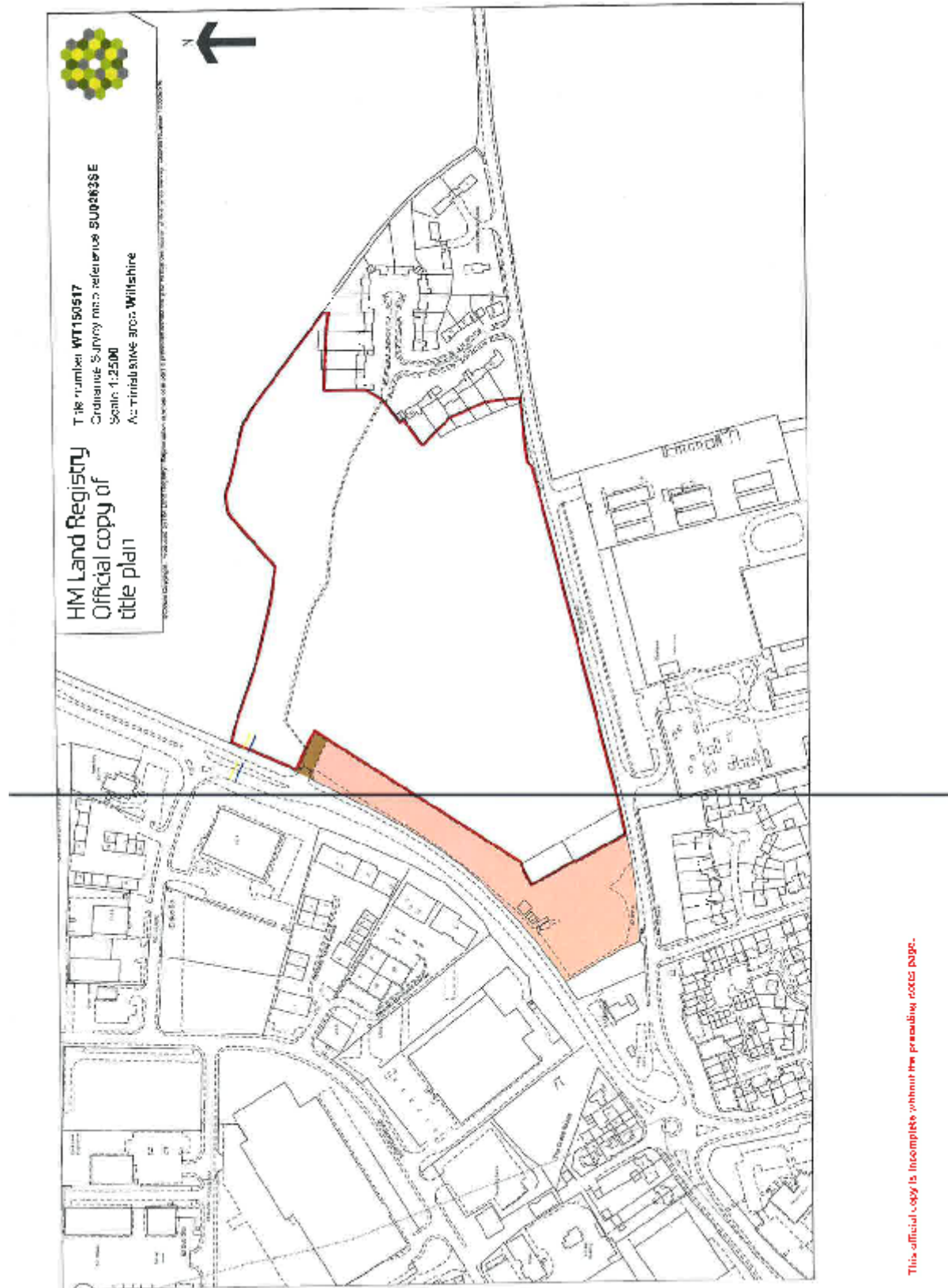
Appendix A: Site Plan

Background Papers

Employment Land Review May 2018

The Council's Core Strategy for employment development at Appendix A:
Development Templates For Strategic Allocations (pages 338 – 341)

Appendix A: Site Plan



Wiltshire Council

Cabinet

7 January 2020

Subject: Stone Circle Company Business Plans

Cabinet Member: Cllr Simon Jacobs – Cabinet Member for Finance and Procurement

Key Decision: Key

Executive Summary

This report presents the proposed business plans for the Stone Circle Companies beginning in financial year 2020/21. The shareholder agreement between the Council (shareholder) and the companies requires the companies to present proposed business plans three months before the forthcoming financial year. The boards of the three companies met on the 17th December to consider the business plans for 2020/21.

This report presents an updated business plan for Stone Circle Housing Company Limited Stone Circle Housing Company Limited is also seeking in principle support from the Council to establish a shared ownership product.

Stone Circle Development Company Limited is proposing development of 5 sites that are currently owned by the Council. If the proposed business plan is agreed, it will enable Stone Circle Development Company Limited to begin the work to present project plans to the Council for the developments as required under the shareholder agreement.

It is proposed to establish a new trading company within the Stone Circle Holding Company Limited called Stone Circle Energy Company Limited. The purpose of establishing the Stone Circle Energy Company Limited in the first instance is to facilitate the sale of energy generated from the installation of photo voltaic cells at a Council park and ride scheme subject to due diligence and production of an acceptable business plan.

Proposals

- 1) Cabinet is asked to agree the business plan for Stone Circle Holding Company Limited beginning in 2020/21 based on the business plans for the subsidiary companies.
- 2) Cabinet is asked to agree the year one business plan for Stone Circle Housing Company Limited as set out at Appendix A in the exempt part of the agenda

- 3) Subject to Cabinet agreeing the Stone Circle housing company business plan to agree the loan agreement required.
- 4) Cabinet is asked to support Stone Circle Housing Company Limited's proposal to establish a shared ownership product and to agree to receive a detailed proposal as to how such a scheme would operate
- 5) Cabinet is asked to agree the business plan of Stone Circle Development Company Limited as set out at Appendix B in the exempt part of the agenda
- 6) Subject to Cabinet agreeing the Stone Circle development company business plan to agree the loan facility required.
- 7) Subject to agreeing Stone Circle Development Company Limited's business plan, Cabinet is asked to agree to enter into sale contracts conditional upon obtaining planning consent for the following Council owned sites; Marlborough former resource centre, Ashton Street resource centre, Royal Wootton Bassett former depot and Calne Priestly Grove as set out in appendix B1 in the exempt part of the agenda
- 8) Cabinet is asked to agree to delegate the decision to dispose of the New Zealand Avenue site to Stone Circle Development Company subject to Stone Circle Development Company Limited providing an acceptable project plan to the Cabinet Member for Finance and Procurement and Cabinet Member for Spatial Planning Development Management and Investment in consultation with the Director of Finance and Procurement and the Director of Commercial, Housing and Commercial Development
- 9) Cabinet is asked to agree that the Council's legal services provide conveyancing and associated development legal services to Stone Circle Development Company Limited and the resourcing contract between the Council and the company is amended accordingly
- 10) Cabinet is asked to agree to delegate authority to agree the project plan for each development proposed by Stone Circle Development Company Limited to the Cabinet Member for Finance and Procurement and Cabinet Member for Spatial Planning, Development Management and Investment in consultation with the Director of Finance and Procurement and the Director of Commercial, Housing and Commercial Development
- 11) Cabinet is asked to agree to establish Stone Circle Energy Company Limited as a subsidiary of Stone Circle Holding Company Limited and the shareholders agreement and articles of association as at appendix C.
- 12) Subject to agreeing to establish Stone Circle Energy Company Limited, Cabinet is asked to agree to recruit an independent director to the company and delegate the appointment to Executive Director of Children and Education

- 13) Cabinet is asked to agree remuneration for Directors of Stone Circle Energy Company Limited of £2,000 per directorship for independent directors and Councillors who do not receive additional allowances that would reflect the work of the company
- 14) Subject to agreeing to establish Stone Circle Energy Company Limited, Cabinet is asked to note the Stone Circle Energy Company limited business plan as at appendix D in the exempt part of the agenda and to delegate to the Cabinet member Finance and Procurement authority to agree the business plan in consultation with the Director of Finance and procurement
- 15) Cabinet is asked to agree to include £ 200,000 capital allocation in the 2020/21 capital programme as loan finance for Stone Circle Energy Company Limited to be released subject to production of acceptable project plan as required by the shareholder agreement
- 16) Cabinet is asked to agree to delegate authority to agree a conditional sale contract for development proposed by Stone Circle Energy Company Limited on Council land to the Cabinet Member for Finance and Procurement and Cabinet Member for Spatial Planning, Development Management and Investment in consultation with the Director of Finance and Procurement
- 17) Cabinet is asked to agree to delegate authority to agree the project plan for development proposed by Stone Circle Energy Company Limited to the Cabinet Member for Finance and Procurement in consultation with the Director of Finance and Procurement and Director of Housing and commercial development
- 18) Cabinet is asked to agree to delegate authority to conclude detailed contract arrangements with the Stone Circle Companies including changes to the resourcing contract to the Director of Housing and Commercial Development in consultation with the Director of Finance and Procurement and the Director of Legal, Electoral and Registration Services

Reason for Proposals

The proposals aim at complying with the shareholder agreement the Council has with the Stone Circle Companies to agree the business plans and consequent actions that the Council needs to consider.

Terence Herbert, Executive Director of Children and Education

Subject: Stone Circle Company Business Plans

Cabinet Member: Cllr Simon Jacobs – Cabinet Member for Finance and Procurement

Key Decision: Key

Purpose of Report

1. The purpose of this report is to present to Cabinet the proposed business plans for the Stone Circle Companies, as well as consider establishing Stone Circle Energy Company Limited.

Relevance to the Council's Business Plan

2. The proposals in the report directly support the Council's business plan to Grow the economy by facilitating the provision of affordable homes, and developing new housing on public land.

Background

3. Cabinet agreed to establish Stone Circle Holding Company Limited (Holding Company), Stone Circle Housing Company Limited (Housing Company) and Stone Circle Development Company Limited (Development Company) at its meeting on the 23 July 2019. Following that decision, the companies have been established, governance and contractual documentation put in place including contract standing orders and delegations from the board and the companies have entered into a resourcing contract and nomination agreement with the Council as well as loan agreement, loan facility and debenture. Two independent Directors have been recruited to the Holding Company and one to the Housing Company and one to the Development Company. This report provides the business plans for the companies as required under the shareholder agreement with the Council.

Main Considerations for the Council

Stone Circle Holding Company Limited

4. Stone Circle Holding company has been established as a passive company and in effect the business plan is the combination of the business plans of the subsidiary companies. All costs of Stone Circle Holding company (such as company secretary costs) will be recharged to the subsidiary companies and as such at this stage a separate business plan has not been presented for Cabinet consideration. However, if cabinet is minded to agree the business plans for the subsidiary companies it will in effect agree the business plan for Stone Circle holding company.

Stone Circle Housing Company Limited

5. The original business plan for the Housing Company was based on purchasing up to 50 properties a year financed by loan finance of £10million a year from the Council at an interest rate of 3.6% thus providing a 1% margin on the loan for the Council. Rents were set at 10% above local housing allowance rates. The business plan beginning in 2020/21 is based on the following changes from the original business plan.
6. It is proposed that there will be ten properties purchased in 2019/20 and then 50 purchases for the next four years and 40 purchases in year six. The purchase prices have been inflated by 3.5% from the original business plan. An allowance has been included to cover cost of structural surveys where recommended and a provision for abortive fees for one in five property acquisitions. Director allowances have been increased reflecting the agreed amounts. The local housing allowance rates have been updated in the business plan to reflect the increases that have taken place.
7. The interest rate on the loan finance has been maintained at 3.6%. However, the Public works loans board (PWLB) rates have increased since the original business plan was agreed and it is no longer possible for the Council to obtain PWLB loans at 2.6% thus delivering the 1% margin on the loans for the Council. Current PWLB rates are running at circa 2.9% and as such if the business plan was agreed as proposed it would only deliver 0.7% margin. If the rate was increased to 3.9% it would increase the outstanding debt on the business plan at year 50 to be in the region of £ 22m which would mean repayment of the loan by year 56 (50 years from when the last loan was taken out) unlikely. Consequently, the Housing Company is requesting that the interest rate is maintained at 3.6%.
8. Appendix A in the exempt part of the agenda provides the summary business plan for the Stone Circle Housing Company.
9. The Council has commissioned independent advice to develop a shared ownership product that could be provided by the Housing Company. The Stone Circle Housing Company board have considered the model and are seeking in principle agreement from the Council as shareholder to enable the development of the proposal so that the company can present to the Council a detailed proposal and request for loan finance. Appendix A1 provides a summary of the shared ownership proposal. The model is based on a range of property values similar to that modelled for the Housing Company. Customers would be expected to be able to pay a 5% deposit and purchase 50% equity. The Housing Company would charge 3.6% on the unsold equity reflecting the interest charged by the Council. It is assumed that rent on unsold equity would increase by consumer price index. The model assumes that 25% equity is bought out at five year intervals. The model compares the monthly cash cost of purchasing the 50% equity based on a mortgage with interest rate at 4% for the mortgage and rent at 3.6% on unsold equity to the market rent on the equivalent property. In the majority of cases the combined monthly cash cost is slightly above the market rent for the property. However, customers may be prepared to pay slightly more for the shared ownership product reflecting the equity they will own and 4% interest rate for first time buyers may be overly cautious albeit representing an element of stress test. The model demonstrates an outline business plan to

enable 240 shared ownership purchases over six years. Based on the assumptions used the loan finance would be repaid by the Housing Company at year 37. The Housing Company are asking the Council to consider in principle support for the proposed product so that it can be worked up into a firm proposal which would support a request for loan finance.

Stone Circle Development Company Limited

10. The Development Company is proposing a business plan to develop five Council owned sites (Marlborough former resource centre, Ashton Street resource centre, New Zealand Avenue, Royal Wootton Bassett former depot and Calne Priestly Grove). Appendix B1 sets out the development programme for the five sites. The assumptions employed in the original business plan agreed in July 2019 have been changed in the proposed business plan. Firstly, the plan is now premised on the Council disposing of the sites in return for a capital receipt when planning permission is obtained by the Development Company whereas previously the Council received equity in the companies equivalent to the market value of the sites. The Development Company will draw down loan finance from the Council to purchase the sites. The Council's loan finance has been modelled at 10% for working capital (capital finance covering fees to prepare the project plan and obtain planning permission and thus not secured on the development) and 7% development finance (the actual cost of the development and secured). The actual rates to be charged will be determined by independent external advice.
11. The business plan development cost assumptions are based on the properties being developed to achieve as close to the equivalent to code for sustainable housing level 4. If the Council as shareholder would like the Development Company to achieve higher levels of sustainability for the development that would incur additional cost and unless it was possible to command a premium on sale prices the impact would be on the return from the development and thus the value of the Council's site. The ability of developments to achieve higher standards and premium on sale prices will be determined by location of development.
12. Appendix B in the exempt part of the agenda sets out the proposed business plan for Stone Circle development company.
13. If Cabinet is minded to agree the business plan, the Development Company will enter into a conditional contract with the Council such that they will acquire the sites in the business plan subject to achieving planning permission. The conditional contract will enable the Development Company to draw down working capital under the loan facility safe in the knowledge that subject to achieving planning permission they will acquire the site.
14. The New Zealand Avenue site has already received a planning consent for the scheme set out in appendix B1. Therefore, a sale contract can be offered to the Development Company for that site subject to provision of a satisfactory project plan for the site as required by the shareholder agreement.

Stone Circle Energy company

15. The shareholder agreement with the Stone Circle Holding Company has reserved matters in schedule 1 paragraph 6 that reserves the right of the shareholder (the Council) to agree to the "Forming any subsidiary or acquiring shares in any other company or participating in any partnership or incorporated joint venture vehicle". Stone Circle Holding Company request authority to establish Stone Circle Energy Company Limited as a subsidiary as allowed in the shareholder agreement. It is recommended to establish the company using the same shareholders agreement and articles of association as the Council agreed for the Development Company, albeit amended to reflect the business of Stone Circle Energy Company to develop land and/or buildings so as to produce energy for sale to third parties in accordance with an agreed business plan. The shareholder agreement and articles are at appendix C.
16. It is recommended that the Directors of Stone Circle Energy Company Limited are the Cabinet Member for Housing, Climate Change, Corporate Services, Asset Transfer, Arts, Heritage and Tourism, the Cabinet Member for Highways, Transport and Waste, Cllr Ian Thorn, the Executive Director Growth, Investment and Place and an independent Director with suitable expertise to be recruited. It is recommended the same remuneration is approved as for other companies, £ 2000 a year per directorship plus expenses in line with the Council's expenses policy for independent directors and for Councillors who do not receive special allowances that cover the work of the companies.
17. Appendix D contains an outline business case for the installation of photovoltaic panels on a Council owned site and sale of the electricity to a third party verified by independent external consultants. The model is based on loan finance to fund the capital works with interest rate set at 5%. If the Council is minded to provide loan finance for the project it would need to take external advice as to the appropriate rate to charge given the risk profile. The model shows a payback of loan finance over 26 years and an internal rate of return of 9.3%. The model includes an assumption of equity investment which would have to be made by the Council. To date the Council has avoided making equity investment in the companies as the accounting arrangements are not favourable for the Council. There is considerable due diligence required on the business case as for example there is no consideration for the Council's land interest and no consideration of any other land interests that may need to be addressed to be able to connect to the third party who will purchase the energy.
18. The estimated total capital costs of the project is £1.5m and it is recommended that a capital allocation of £ 200,000 is made in the 2020/21 capital programme to provide the loan finance for the project development.
19. Stone Circle Energy Company Limited is likely to require a conditional contract with the Council concerning the Council owned site proposed for the development of energy in advance of committing resources to develop the project. The Council may wish to de-risk development proposals before transfer of a site and the offer of a project plan takes place It is recommended that the authority to agree the conditional contract is delegated to the Cabinet Member for Finance and Procurement and Cabinet Member for Spatial Planning, Development Management and Investment in consultation with the Director of Finance and Procurement.

20. If Stone Circle Energy Company Limited wishes to procure services from the Council to develop the proposal there will be a need to amend the existing resourcing contract that exists between the Council and the companies. In addition, the Council's legal services have made an offer to the Stone Circle Development Company to provide purchase and sale conveyancing services and it is recommended that the existing resourcing contract is amended to include those services.

Overview and Scrutiny Engagement

21. The proposals contained in this report will be considered by the financial planning task group. In addition it has already been agreed that the business plans of the Companies will be scrutinised by Overview and Scrutiny at an appropriate time.

Safeguarding Implications

22. There are no safeguarding implications stemming from this report.

Public Health Implications

23. There are no public health implications stemming from this report.

Procurement Implications

24. All procurements delivered as part of the services sold to the companies will be conducted in accordance with the council's rules and any relevant Public Procurement Regulations

Equalities Impact of the Proposal

25. There are no equality implications stemming from this report.

Environmental and Climate Change Considerations

26. The Development Company proposals do not propose carbon neutral development. To reduce the carbon footprint of the developments would require additional development cost. If those costs did not realise a premium on sale prices the effect would be to reduce the return from the developments to the shareholder. The Council could require development with reduced carbon footprint for developments where a premium on sale prices is a possibility.

27. Stone Circle Energy Company activity is directed at providing development that will help the Council achieve carbon offset by the production of sustainable energy that will be sold to third parties.

Risks that may arise if the proposed decision and related work is not taken

28. If the decisions in this report are not taken the companies that the Council has set up will not be able to deliver the business plans that the Council has agreed and the consequent development and financial benefits for the Council.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

29. The proposals in this report seek cabinet consideration of business plans presented by the Stone Circle Companies. The Council has procured independent professional advice concerning the business plans. The companies have procured independent professional advice to support their proposals. The advice provided will mitigate risk for the Council. In addition the Council, as shareholder can control development proposals via agreeing to the project plans submitted by the companies which again mitigates the risk exposure of the Council.

Financial Implications

30. The Business plan for Stone Circle Housing Company and Stone Circle Development Company have been updated and extracts are shown per Appendix A and B respectively.

31. The financial statements are the current modelled positions only and may change as the company approves accounting policies with the auditors during year one. The Council is being asked to approve year one of each of the Business Plan's only. Further due diligence on the two models' will be undertaken, and Accounting and Treasury advice sought prior to the Council committing to year two.

Stone Circle Housing Company

32. For Stone Circle Housing Company property acquisitions have been reprogrammed to 10 units in 2019/20, 50 units for years 2020/21 to 2023/24 and 40 units in 2024/25.

33. Tax advice has been taken and the companies have now been structured so that Stamp Duty Land Tax (SDLT) will not be payable on purchases. This cost has therefore been removed from the model. Upon reviewing the market, it was determined that the acquisition prices in the model would be difficult to achieve. Thus, there are matching savings on SDLT and increases in acquisition prices.

34. Operating costs have been reviewed and increased as necessary. The Local Housing Allowance (LHA) rates have been updated for Trowbridge and Chippenham to December 2019 as these had increased.

35. A Loan facility has been set up with the company. Loans will be provided to Stone Circle Housing Company on a maturity basis secured against the properties. It has been assumed that a rate of interest will be charged at 3.6%. Wiltshire Council would make a premium of 0.7% based on current PWLB rates, this is a change from the previous plan which showed Wiltshire Council's achieving a premium of 1% due to the sudden unexpected 100 basis point increase in PWLB rates in October 2019.

36. Loans will be drawn down in the relevant year and repaid at the earliest opportunity to minimise cash balances in Stone Circle Housing Company. The loan drawdown in the model is an example, actual Loans will be linked to

property purchases. This plan models Wiltshire Council issuing loans totalling £50.6 million. For year one the company is seeking a Loan of £2 million.

37. The total interest premium forecast to be earned by the Council in the first year is £0.007 million; and for years two to five, a total of £0.753 million. Over the 50-year plan, the interest premium would total £23.675 million. This is a revenue income stream that can be built into the council's Medium-Term Financial Strategy and be re-invested in Council services. Appendix 1 has a graph that presents the loan premium per year to Wiltshire Council over the 50-year plan period.
38. The cashflow position as modelled indicates that Stone Circle Housing Company will be generating enough income to cover its operating expenditure including loan interest by year 14.
39. The income and expenditure account shows an annual deficit after interest for the first 5 years of an average £0.158 million. By year 50, an annual surplus of circa £3.1 million is forecast to be achieved.
40. The modelled debt position suggests borrowing should be repaid within circa 56 years. A balance of £12.5 million remains at the end of 50 years, but continuing income receipts are modelled as repaying fully shortly thereafter. Appendix A shows a graph which presents Stone Circle Housing Company loan and cash balances over the 50year plan period.
41. Ultimately, to deliver to plan, Stone Circle Housing Company will need to ensure that properties are purchased for the right price and condition; that operating costs are maintained within the assumed levels; and that stock is managed efficiently to keep voids and bad debt low. The Stone Circle Housing Company Directors are signing up to this plan and its assumptions as part of the Shareholders Agreement and should ensure evaluation processes are in place to deliver in line with Business Plan.
42. The financial risk exposure of Wiltshire Council will be minimised by not advancing resources in the form of equity. There will therefore also be no requirement for Minimum Revenue Repayment (MRP) on the Loans and the Council's MRP policy will be updated in February 2020 to reflect this.

Stone Circle Development Company

43. The updated Stone Circle Development Company plan presents the development of 5 specific sites at New Zealand Avenue Salisbury, Ashton Street Trowbridge, Marlborough Resource Centre, RWB Depot and Priestly Grove for the development of circa 108 units. Once developed the properties will be disposed of either to the Housing Revenue Account (HRA), Stone Circle Housing Company or by sale on the open market. Operating costs have been reviewed and increased as necessary.
44. The sites are already owned by Wiltshire Council, the original plan was that these sites would be transferred into Stone Circle Development Company as equity investment in return for shares. After taking Tax advice the companies have been restructured and land will now to sold to Stone Circle Development Company

instead. The land value for the 5 sites is estimated as £2.490 million. As a result, Wiltshire Council will now receive capital receipts forecast at £2.490 million at the point the land is transferred which can then be used in the Council's Capital Programme to finance the programme.

45. The company will drawdown on two loan facilities, one for working capital which will be unsecured, and which will be used to cover operational costs and pre-planning works, and one will be secured for the development costs. The company will reinvest capital receipts generated over the programme to keep borrowing to a minimum, providing security is still maintained over any outstanding loan balance.
46. Appendix B shows the cashflow for the 5 developments. Stone Circle Development Company requires unsecured loan finance of £1.563 million and secured loan finance of £16.290 million over the six years to develop the sites. For year one Stone Circle Development Company is seeking a working capital loan of £0.092 million and a development loan of £0.350 million.
47. Interest will be charged at an independently assessed commercial rate, the Business Plan assumes 10% for unsecured loans and 7% for secured loans. Based on the modelled rates the total interest premium forecast to be earned at the end of the 6 years by the Council would be £2.356 million.
48. The income and expenditure shown per Appendix B shows a loss in years 1 to 5 which then moves to profit in year 6 and 7 when all the developments are sold. The total profit made by Stone Circle Development Company is forecast to be £6.327 million after Corporation Tax of £1.3 million. The £6.327 million profit will be paid from Stone Circle Development Company to Wiltshire Council as a dividend.
49. The main risk for Wiltshire Council will be if the Development programmes slip, have cost overrun or the market changes resulting in the Developments taking longer to sell as Stone Circle Development Company would then require longer loan finance cashflow which would ultimately result in lower dividend return.

Legal Implications

50. The Council's approval of the Holding Company business plan is a requirement under the Shareholders Agreement. The Housing Company and Development Company business plans must be approved by the Council as ultimate shareholder in accordance with the Shareholders Agreements.
51. The financing arrangements have been structured in accordance with state aid law. The Council will need to continue to monitor interest rates to ensure state aid law continues to be complied with.
52. The Council's powers to establish the Stone Circle Companies were set out in the report to Cabinet considered at the meeting on 23rd July 2019. The associated legal implications were also set out in that report. It is proposed that the establishment of Stone Circle Energy Company follows the same format, structure and legal documentation as the Development Company.

53. The Council will need to continue to be mindful of the governance arrangements underpinning the setting up and operation of the companies and any conflicts of interest managed appropriately. There is potential for conflicts of interest to arise, as officers or members who are appointed as directors of a company have a duty to act in the best interests of the company and this may not always coincide with their role and responsibilities as council employees or members. Special provisions have been incorporated into the articles of association to address the issue of conflicts of interests and specific legal advice will need to be sought where potential conflicts are identified.
54. The companies purchase a range of services from the Council under separate resourcing contracts, including conveyancing and company secretarial services from the legal team. It is anticipated that the company may wish to seek its own independent legal advice from external advisors as it becomes established.

Workforce Implications

55. There are no workforce implications stemming from this report.

Options Considered

56. The Council has previously agreed to establish the Stone Circle companies to enable them to trade and maximise the return from Council assets and also to provide rented housing. The proposals in this report allow implementation of the business plans of those companies. An alternative would be to look to dispose of Council assets on the open market but that would not maximise the return for the Council and as such it is not recommended.
57. The report recommends the establishment of Stone Circle Energy Company Limited. The company will be able to trade the production of sustainable energy. This will make best use of Council assets and provide a means for the Council offsetting its carbon footprint. An alternative approach could be procuring community energy companies to undertake the proposed projects. That option is still a possibility and will be considered by Stone Circle Energy Company as part of the project plan proposals which will be submitted to the Council to demonstrate best return and carbon offset potential.

Conclusions

58. The report proposes agreeing the business plans for the Holding Company, Housing Company and Development Company. The Council control over the delivery of the business plans is via agreeing project plans as required in the shareholder agreement. In addition, the report proposes establishing Stone Circle Energy Company to enable development of Council assets to trade sustainable energy production to third parties and also facilitate carbon offset for the Council.

Terence Herbert, Executive Director of Children and Education

Report Author: Simon Hendey, Director of Housing and commercial development

Email simon.hendey@wiltshire.gov.uk

Date of report 18 December 2019

Appendices

Appendix A - Stone Circle housing company business plan

Appendix A1 – Stone circle housing company shared ownership model business plan

Appendix B – Stone Circle development company business plan

Appendix B1 – Stone Circle development company site development programme and appraisals

Appendix C – Stone Circle energy company shareholders agreement and articles

Appendix D – Stone circle energy company indicative business plan

Background Papers

Background papers are included in the appendices.

This page is intentionally left blank

Dated

2020

STONE CIRCLE HOLDING COMPANY LIMITED

STONE CIRCLE ENERGY COMPANY LIMITED

SHAREHOLDER AGREEMENT

Contents

Item	Page
PARTIES	1
BACKGROUND	1
AGREED TERMS	1
1 DEFINITIONS AND INTERPRETATION	1
2 COMPLETION	5
3 THE BUSINESSES AND BUSINESS PLANNING	5
4 HOLDCO'S ROLE AS SHAREHOLDER	6
5 DECISION-MAKING	7
6 BOARD	8
7 POLICIES AND PROCEDURES	9
8 PROVISION OF INFORMATION	9
9 AUDIT AND FRAUD	10
10 PREVENTION OF BRIBERY	10
11 FINANCE AND RETURNS	11
12 CONTRACTS	12
13 DEALINGS IN SHARES AND NEW SHAREHOLDERS	12
14 DISPUTE RESOLUTION	12
15 TERMINATION	13
16 CONFIDENTIALITY	14
17 FREEDOM OF INFORMATION	15
18 DATA PROTECTION	15
19 UNLAWFUL FETTER ON THE COMPANY'S POWERS	15
20 FURTHER ASSURANCE	16
21 ASSIGNMENT AND SUB-CONTRACTING	16
22 WAIVERS AND CONSENTS	16
23 RIGHTS AND REMEDIES	16
24 SEVERANCE	16
25 COUNTERPARTS	16
26 THIRD PARTY RIGHTS	16
27 NOTICES	17
28 ENTIRE AGREEMENT	17
29 VARIATION	18
30 CONFLICT WITH THE ARTICLES	18
31 COSTS AND EXPENSES	18
32 SET-OFF	18
33 NO PARTNERSHIP OR AGENCY	18
34 GOVERNING LAW AND JURISDICTION	18

SCHEDULE 1 – RESERVED MATTERS..... 20
SCHEDULE 2 – PROJECT PLAN 22
SCHEDULE 3 – LETTER OF APPOINTMENT OF A DIRECTOR..... 23
SCHEDULE 4 – DEED OF ADHERENCE 24

THIS AGREEMENT is made on

2020

PARTIES

- (1) **STONE CIRCLE HOLDING COMPANY LIMITED** (company number 12192499) whose registered office is at County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN (**HoldCo**)
- (2) **STONE CIRCLE ENERGY COMPANY LIMITED** (company number []) whose registered office is at County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN (**Company**)

BACKGROUND

- (A) As at the date of this Agreement, the HoldCo is the sole member of the Company.
- (B) The parties have entered into this Agreement to regulate the manner in which the Company carries out the Business (as defined herein) and to ensure that the Council retains decisive influence over both the strategic objectives and significant decisions of the Company.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

In this Agreement:

Accounting Reference Date means 31 March

Approval Date has the meaning given to it in clause 11.4

Approved Distribution has the meaning given to it in clause 11.4

Articles means the articles of association of the Company in agreed form to be adopted on Completion pursuant to clause 2.2, as amended or superseded from time to time

Biannual Report means the report as specified in clause 8.1.1

Board means the board of Directors of the Company or such of them as are present at a duly convened and quorate meeting of the Directors

Business has the meaning given to it in clause 3.1

Business Day means a day (other than a Saturday, a Sunday or a public holiday in the United Kingdom) on which banks in the United Kingdom are ordinarily open to effect transactions of the kind contemplated in this Agreement and, if a payment is to be made in euros, on which such payment system as the Council chooses is operating for the transfer of funds for the same day value

Business Plan means the operational business plan and budget of the Company as adopted and amended in accordance with clause 3

Cabinet means the cabinet of the Council as constituted from time to time

CEDR means the Centre for Effective Dispute Resolution

Completion means the completion of this Agreement in accordance with clause 2

Completion Date means the date of this Agreement

Confidential Information means, in relation to a person, all technical, commercial, financial or other information of whatever nature relating to that person's business, products, developments, services, trade secrets, know-how, personnel, supplies or historic current or potential customers, whether or not

designated as confidential and whether disclosed orally, pictorially, in writing, by demonstration, by viewing, in machine readable form or by any other means

Council means Wiltshire Council of County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN.

Deadlock has the meaning given to it in clause 14.2

Deadlock Date has the meaning given to it in clause 14.2

Deed of Adherence means a deed in the form or substantially in the form set out in Schedule 4

Directors means the directors of the Company and **Director** means any one of them

Dispute has the meaning given to it in clause 14.1

EIR means the Environmental Information Regulations 2004 and any subordinate legislation made under the Regulations from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation

Encumbrance means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person; or
- (b) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person; or
- (c) any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect

Financial Year means each accounting reference period of 12 months ending on the Accounting Reference Date other than the First Accounting Reference Period or such longer or shorter period as the Council shall from time to time determine.

First Accounting Reference Period means the period which shall run on and from the date of incorporation of the Company to and including the Accounting Reference Date in the calendar year following the date of this Agreement

FOIA means the Freedom of Information Act 2000 and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation

Initial Consideration Date has the meaning given to it in clause 14.2

Intellectual Property means present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights

Law means:

- (a) any Act of Parliament;
- (b) any subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978;
- (c) any exercise of the Royal Prerogative; and

- (d) any enforceable community right within the meaning of section 2 of the European Communities Act 1972,

in each case in force in the United Kingdom

Mediation Referral Notice has the meaning given to it in clause 14.3

Prohibited Act means any of the following acts:

- (a) to directly or indirectly offer, promise or give any person working for or engaged by the Council a financial or other advantage to:
- (i) induce that person to perform improperly a relevant function or activity; or
 - (ii) reward that person for improper performance of a relevant function or activity;
- (b) to directly or indirectly request, agree to receive or accept any financial or other advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this Agreement;
- (c) committing any offence:
- (i) under the Bribery Act 2010;
 - (ii) under legislation creating offences concerning fraudulent acts;
 - (iii) at common law concerning fraudulent acts relating to this Agreement or any other contract with the Council; or
 - (iv) defrauding, attempting to defraud or conspiring to defraud the Council

Project Plan means a plan for the development of a site consistent with the parameters of the Business Plan containing the information set out at Schedule 2 approved pursuant to clause 3.6

Reserved Matters means the matters specified in Schedule 1

Resourcing Contract means the contract for the provision of resourcing and support services to be entered into between the Council and the Company on or around the date of this Agreement, as the same may be varied, amended or replaced from time to time

RICS means the Royal Institution of Chartered Surveyors

1.2 In this Agreement:

- 1.2.1 clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement;
- 1.2.2 unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Agreement and a reference to a paragraph is to a paragraph of the relevant Schedule;
- 1.2.3 a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;
- 1.2.4 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;

- 1.2.5 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.6 a reference to a **party** or the **parties** are to a party or the parties to this Agreement from time to time and any person who agrees to be bound by the provisions of this Agreement from time to time by executing a Deed of Adherence but, for the avoidance of doubt, shall not refer to any person who has ceased to have any obligations under this Agreement from time to time. A reference to a party shall include that party's successors, permitted assigns and permitted transferees;
- 1.2.7 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.8 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.2.9 a reference to **writing** or **written** includes email but not fax;
- 1.2.10 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.11 a reference to **this Agreement** (or any provision of it) or to any other agreement or document referred to in this Agreement is a reference to this Agreement, that provision or such other agreement or document as varied, amended or supplemented (in each case, other than in breach of the provisions of this Agreement) from time to time;
- 1.2.12 any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.13 a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- 1.2.14 a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it;
- 1.2.15 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.2.16 the expressions **body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- (a) any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
 - (b) any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
 - (c) any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (i) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (ii) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the Company or undertaking as it is at that time.

1.3 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

2 COMPLETION

2.1 Completion shall take place on the Completion Date at County Hall, Bythesea Road, Trowbridge, Wiltshire BA14 8JN or any other place or time agreed in writing by the parties.

2.2 At Completion:

2.2.1 the parties shall procure that such shareholder resolutions are passed and meetings of the Board are held as may be necessary to:

- (a) adopt the Articles in the agreed form;
- (b) adopt the Business Plan applicable to the First Accounting Reference Period;
- (c) appoint the following individuals (identified by their position within the Council) as directors:
 - (i) Cabinet Member responsible for Housing;
 - (ii) Cabinet Member responsible for Highways, Transport and Waste;
 - (iii) a member nominated from an opposition party identified to be a director;
 - (iv) Executive Director of Growth, Investment and Place; and
- (d) enter into the Resourcing Contract.

3 THE BUSINESSES AND BUSINESS PLANNING

3.1 The business of the Company (**Business**) shall be to develop land and/ or property to produce energy for sale in accordance with any Business Plan then in force or as otherwise determined by the Shareholder from time to time.

3.2 The Business shall be pursued, and the Company shall be governed, in a manner which ensures that the Company:

- 3.2.1 is and remains controlled (both by way of ultimate indirect membership of the Company and decisive influence over both its strategic objectives and significant decisions) by the Council;
 - 3.2.2 carries out the essential part of its activities for the Council and other legal persons controlled by the Council; and
 - 3.2.3 carries out those activities in furtherance of the Council's public service tasks.
- 3.3 The Company shall prepare in respect of each Financial Year a Business Plan to include:
- 3.3.1 an annual operating revenue plan and capital expenditure requirements (including details of funding sources);
 - 3.3.2 a balance sheet forecast;
 - 3.3.3 a minimum five year term financial strategy plan to include (amongst other items) all proposed investments, borrowings and new business of the Company and a list of key risks of its business;
 - 3.3.4 long term projections from the Completion Date;
 - 3.3.5 identification of any surpluses made in a Financial Year and the making of any distribution of profit subject to the provisions of the Companies Act 2006;
 - 3.3.6 an annual profit and loss account; and
 - 3.3.7 such other content as the HoldCo may require from time to time and notify to the Company in writing.
- 3.4 The Business Plan for a given Financial Year shall be:
- 3.4.1 prepared by the Board and circulated by the Board to the HoldCo in draft form not less than three months prior to the end of the Financial Year preceding the Financial Year to which the draft Business Plan relates, save that in the event that there is no Cabinet meeting in January of such preceding Financial Year the Business Plan shall be circulated by the Board to the HoldCo in advance of the preceding Cabinet meeting; and
 - 3.4.2 considered and, if thought fit, approved as soon as possible by the HoldCo and in any event within one month of the date of receipt of the draft Business Plan from the Board.
- 3.5 The parties agree to work both together and with any third parties where required in good faith, to procure that each Business Plan is prepared and approved in accordance with clause 3.3 and clause 3.4 and that the business of the Company is carried out, where appropriate, to interface as seamlessly as possible with the operations and services of the Council.
- 3.6 The Board shall prepare a draft Project Plan in respect of each proposed development (which may either be referred to it directly from the Council as its ultimate indirect shareholder or via the HoldCo or sourced independently). Upon HoldCo approval (pursuant to clause 4.3) the Business Plan shall be deemed amended to include the Project Plan.

4 HOLDCO'S ROLE AS SHAREHOLDER

- 4.1 The HoldCo will monitor and control the business and operations of the Company through the:
 - 4.1.1 approval of the Business Plan;
 - 4.1.2 the right to make decisions on the Reserved Matters;

- 4.1.3 receiving reports in accordance with clause 8;
- 4.1.4 exercising the other rights provided to the HoldCo under this agreement and through its role as the sole shareholder of the Company.

4.2 The HoldCo:

- 4.2.1 shall, upon request, have unlimited, unrestricted and prompt access to the Company information and documents pursuant to clause 8;
- 4.2.2 will not usurp the functions of the Board but will monitor the activities of the Company to ensure that they are acceptable and accountable to the HoldCo as owner of the Company; and
- 4.2.3 may, in addition to those matters requiring HoldCo consent pursuant to clause 5:
 - (a) make recommendations from time to time to the Board; and/or
 - (b) give directions by notice in writing from time to time to the Board.

4.3 Where a consent or approval is expressed in this Agreement to be required of the HoldCo, it shall be given in writing in advance of the decision or matter requiring consent or approval and the HoldCo shall use its reasonable endeavours to communicate any such decision, consent or approval (including any decision not to give consent or approval) to the Company within a period of 30 days from receipt of the requests provided that the HoldCo shall not be deemed to have made a decision or given its consent or approval by virtue of the fact that it has not communicated the same within that time limit. Where the Company requires the HoldCo to make any decision or provide any consent or approval, the Company shall provide such material information as the HoldCo may require to enable it to consider the decision, consent or approval in question.

4.4 The Company shall ensure that the Board chair and and/or any employees of the Company as requested by the Council (either via the HoldCo or directly as ultimate indirect shareholder of the Company) shall attend such meetings or parts of meeting(s) of the Council as the Council may require and shall answer questions put by the Council and provide information regarding the activities of the Company as reasonably requested.

5 DECISION-MAKING

5.1 Subject to the Articles and with the exception of the Reserved Matters, the Board shall have full and complete authority, power and discretion to direct, manage and control the Business and the affairs and assets of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Business.

5.2 The Company agrees that it shall (subject to this clause 5) and in so far as it is legally able to:

- 5.2.1 carry on and conduct its business and affairs in accordance with:
 - (a) this Agreement;
 - (b) the Business Plan then in force;
 - (c) the Articles;
 - (d) all laws relating to companies as amended from time to time;
 - (e) sound governance and good business practice; and
 - (f) in a proper and efficient manner, for its own benefit; and

5.2.2 use all reasonable endeavours to obtain and, if necessary, maintain in full force and effect all licences (including statutory licences), consents and authorities necessary to own and operate its assets and to carry on its business properly and effectively and in accordance with the Business Plan then in force.

5.3 Except as set out in clause 5.4, insofar as a matter is a Reserved Matter relating to the Company, the Company shall not make any decision in relation to, or undertake, that Reserved Matter except with the prior written consent of the HoldCo and such consent shall be sought with the intention to facilitate decisions being given by the HoldCo as quickly as reasonably practicable.

5.4 Clause 5.3 shall not apply in connection with any decision or action relating to a Reserved Matter:

5.4.1 approved in the Business Plan then in force;

5.4.2 which has been properly delegated in accordance with this Agreement to the Board or to a particular person or committee; or

5.4.3 to the extent the same decision has been taken by the HoldCo in accordance with this Agreement,

and in those circumstances only, any reference in this Agreement to the approval of the HoldCo (or similar wording) shall be amended so that it is a reference to the approval of the Board or the approval of that other person, as the case may be.

5.5 Any variation to the list of Reserved Matters must be approved by the HoldCo in writing. For the avoidance of doubt, the Reserved Matters may be varied and/or replaced in part or entirely, by the HoldCo at its absolute discretion. Upon the HoldCo giving notice in writing to the Board that such a variation or replacement has occurred, this Agreement and Schedule 1 shall be deemed modified from the date specified in the varied or replacement schedule.

5.6 If this Agreement is validly varied in accordance with its terms, the relevant sections of the Business Plan shall be deemed amended on and with effect from the date of the variation of this Agreement to the extent (but only to the extent) such amendment is necessary to ensure that the Business Plan is fully consistent, and does not conflict, with the terms of this Agreement (as varied).

6 BOARD

6.1 Subject to the Articles, there shall be a minimum of three Directors, which:

6.1.1 shall be appointed by the HoldCo in accordance with clause 6.2;

6.1.2 for the avoidance of doubt, shall not be the elected member of the Council who has responsibility for planning or the Council leader; and

6.1.3 shall be comprised of such number of executive or non-executive Directors as the HoldCo shall see fit.

6.2 Subject to the Articles, any appointment(s) or termination(s) of a Director made under this clause 6 shall be effected by the HoldCo by giving notice in writing to the Company, on the date on which the notice from the HoldCo is received by the Company, or if a later date is specified in the notice, on that date.

6.3 The Company shall review its Board every year to ensure that the composition and membership of the Board is such that it has the ability to sufficiently understand the Company's obligations and make sufficiently robust decisions in relation to those obligations.

6.4 On the appointment of a Director to the Board, the Board shall issue to that person a letter of appointment which in the case of HoldCo appointed Directors that are also Council Directors shall be

substantially in the form contained in Schedule 3, as may be amended or updated from time to time by the HoldCo, together with a summary of a Director's duties in relation to the Company.

7 POLICIES AND PROCEDURES

7.1 In respect of policies and procedures of the Company (**Policies and Procedures**):

7.1.1 the Company shall adopt necessary Policies and Procedures that enable it to act legally, efficiently and appropriately as a subsidiary of a local authority, and in the absence of any such Policies and Procedures, the Company shall adopt the relevant Policies and Procedures of the Council from time to time;

7.1.2 Policies and Procedures shall be approved by the Board; and

7.1.3 the Policies and Procedures shall be subject to an internal audit and audit by the Council when requested by the Council.

7.2 The employment terms and conditions of the Company shall be approved by the Board. The Board shall not implement such terms without prior written approval from the HoldCo.

7.3 The Board shall adopt and apply an agreed policy as to how conflicts of interest are to be dealt with both in recruitment and in carrying out its Business. This agreed policy shall be approved by the HoldCo for use by the Company and may thereafter be revised as required by the HoldCo. Any such revisions shall be implemented by the Board.

7.4 The Company specifically confirms that no arrangement or contract has already been entered into which would require the approval of the HoldCo under this Agreement if it were entered into after the date on which it becomes a party to this Agreement.

8 PROVISION OF INFORMATION

8.1 The Company shall provide to the HoldCo:

8.1.1 a Biannual Report before 5pm on the 30th day after the end of each six month period of a Financial year, which shall include:

- (a) a balance sheet (based on trial balance without timing adjustments such as accruals and prepayments) for the Company as at close of business on the last day of the month just ended (including comparatives from previous month);
- (b) a profit and loss account (based on trial balance i.e. excluding timing adjustments) for the Company covering the period from the start of the Financial Year to the end of the month just ended;
- (c) for each business division, profit and loss performance against the Business Plan and the Business Plan targets;
- (d) a statement of cash flow for the Company covering the period from the start of the Financial Year to the end of the month just ended;
- (e) forecast profit and loss account for the Company for the period to the end of the current Financial Year on an accruals basis;
- (f) a note of all matters in respect of which legal action (potential or actual) has been commenced by or against the Company and an update on ongoing legal action;
- (g) an assurance statement from the Directors that all core account reconciliations have been carried out, with exceptions listed if necessary; and

(h) any other information reasonably required by the Shareholder as shareholder from time to time;

8.1.2 the annual accounts of the Company, audited if that is a requirement, as soon as practicable together with a general review of the business in the year to which the annual accounts apply and a copy of the current Business Plan, at the latest by the end of two months after the end of the relevant Financial Year;

8.1.3 minutes of all Board meetings within 20 Business Days after the relevant Board meeting to which they relate;

8.1.4 any other information reasonably required by the HoldCo from time to time, as notified to the Company in writing by the HoldCo.

8.2 The Company shall respond promptly to all reasonable requests from the Shareholder for clarification of any parts of the information and shall forthwith upon such request supply any additional information and/or evidence that the Shareholder may require.

8.3 The HoldCo and its authorised representatives shall have the right during the standard working hours of the Council (as prescribed by the Council's policies from time to time), on giving to the Company reasonable advance notice, and at the HoldCo's own cost, to inspect the books and records of the Company from time to time and to be supplied with all information in such form as it or they may reasonably require to keep the HoldCo properly informed about the business and affairs of the Company and shall have the right to take copies of any such books and records or parts thereof.

8.4 The Company agrees that it shall give notice of any Directors' meeting to the HoldCo at the same time as it gives notice to the Directors.

8.5 The Company shall immediately notify the HoldCo of any legal action (potential, threatened or actual) of which it becomes aware which has been commenced by or against the Company.

9 AUDIT AND FRAUD

The Company shall operate in accordance with, and comply with, all of the Council's guidance, policies, codes, standards and practices in respect of audit and fraud in place from time to time.

10 PREVENTION OF BRIBERY

10.1 The Company:

10.1.1 shall not, and shall procure that any Director, officer, employee, adviser or representative of any of them shall not, in connection with this Agreement commit a Prohibited Act;

10.1.2 warrants, represents and undertakes that it is not aware of any financial or other advantage being given to any person working for or engaged by the Council, or that an agreement has been reached to that effect, in connection with the execution of this Agreement, excluding any arrangement of which full details have been disclosed in writing to the Council before execution of this Agreement;

10.1.3 shall, if requested, provide the HoldCo with any reasonable assistance, at the HoldCo's reasonable cost, to enable the Council to perform any activity required by any relevant government or agency in any relevant jurisdiction for the purpose of compliance with the Bribery Act 2010; and

10.1.4 within five Business Days of the date of this Agreement, and annually thereafter, certify to the HoldCo in writing (such certification to be signed by an officer of such company) compliance with this clause 10 by such company and all persons associated with it or other persons who are supplying goods or services in connection with this Agreement. Such company shall provide such supporting evidence of compliance as the HoldCo may reasonably request.

- 10.2 The Company shall have an anti-bribery policy (which shall be disclosed to the HoldCo) to prevent any of its Directors, officers, employees, advisers or representatives of the company from committing a Prohibited Act and shall enforce it where appropriate.
- 10.3 If any breach of clause 10.1 is suspected or known, the Company must notify the HoldCo immediately.
- 10.4 If the Company notifies the HoldCo that it suspects or knows that there may be a breach of clause 10.1, the Company must respond promptly to the HoldCo's enquiries, co-operate with any investigation, and allow the HoldCo to audit books, records and any other relevant documentation.
- 10.5 The HoldCo may terminate this Agreement or any other agreement with the Company by written notice with immediate effect if the Company or any Director, officer, employee, adviser or representative of the Company (in all cases whether or not acting with such Company's knowledge) breaches clause 10.1.
- 10.6 Any notice of termination under clause 10.5 must specify:
- 10.6.1 the nature of the Prohibited Act;
 - 10.6.2 the identity of the party whom the HoldCo believes has committed the Prohibited Act; and
 - 10.6.3 the date on which this Agreement shall terminate.
- 10.7 Any dispute relating to:
- 10.7.1 the interpretation of this clause 10; or
 - 10.7.2 the amount or value of any gift, consideration or commission;
- shall be determined by the HoldCo and its decision shall be final and conclusive.
- 10.8 Any termination under clause 10.5 shall be without prejudice to any right or remedy which has already accrued or subsequently accrues to the HoldCo.

11 FINANCE AND RETURNS

- 11.1 The Company shall not seek third party funding without written approval of the HoldCo.
- 11.2 The Board may recommend a distribution of the Company's profits, which recommendation may take the form of year end and/ or interim distribution(s). The Board shall not approve any distribution of profits if and to the extent that:
- 11.2.1 it is contrary to any distribution policy contained in a Business Plan;
 - 11.2.2 there is insufficient cash available;
 - 11.2.3 it would render the Company insolvent;
 - 11.2.4 the Board resolves that the Company would be left with insufficient funds to meet any current or future contemplated obligations or contingencies; or
 - 11.2.5 it would materially adversely affect the ability of the Company to comply with a Business Plan.
- 11.3 A distribution of profits to the HoldCo shall require the approval of the HoldCo which shall be given within ten Business Days of the Board recommending the same to the HoldCo.
- 11.4 Upon approval from the HoldCo with ten Business Days the proposed distribution would become an **Approved Distribution** and the date on which that approval is given shall be the **Approval Date**.

11.5 The Company shall credit an Approved Distribution to the HoldCo within ten Business Days of the Approval Date. Payments will be in cash, unless a distribution was expressly approved by the HoldCo in specie.

12 CONTRACTS

12.1 The Company shall retain a contracts register into which every contract entered into with an aggregate annual value which is greater than any threshold set in respect of the Council's own contracts from time to time shall be recorded.

13 DEALINGS IN SHARES AND NEW SHAREHOLDERS

13.1 The Company shall not create any Encumbrance over, transfer, or otherwise dispose of or give any person any rights in or over any share in its capital unless it is:

13.1.1 permitted under this Agreement and the Articles; and/or

13.1.2 carried out in accordance with the terms of this Agreement and the Articles.

13.2 Admitting a person as a new shareholder or member of the Company is a Reserved Matter and shall also be subject to such person executing a Deed of Adherence. Should the Company wish to admit a new shareholder or new member, the Board must procure that Deed of Adherence is signed and the prior written consent of the HoldCo is obtained, prior to such new shareholder or member being admitted.

14 DISPUTE RESOLUTION

14.1 In the event of any disagreement or dispute arising between the parties in connection with this Agreement (a **Dispute**), the parties shall use all reasonable endeavours to resolve the matter on an amicable basis. If one party serves formal written notice on one or more of the others that a Dispute has arisen and the parties are unable to resolve the Dispute within a period of 20 Business Days from the service of such notice, then the Dispute shall be referred to an executive director of each of the parties or such other director nominated by each party for the purpose of this clause 14 who shall attempt to resolve the Dispute within the next following 20 Business Days. No recourse to arbitration or litigation by any party against any other under this Agreement shall take place unless and until such procedure has been followed.

14.2 If the executive directors or other nominated director of each of the parties (as the case may be) to whom the Dispute was referred in accordance with clause 14.1 are unable to resolve a Dispute within two months of such Dispute being referred to them (**Initial Consideration Date**), then a **Deadlock** shall be deemed to have arisen on the date either two months after the Initial Consideration Date or the date on which the parties agree that Deadlock has arisen, if earlier (the **Deadlock Date**). Any Deadlock shall be dealt with in accordance with clause 14.3.

14.3 In the event that a Deadlock has arisen, then any party shall be entitled to serve a notice in writing on the other parties referring the Deadlock to mediation (**Mediation Referral Notice**) in accordance with clause 14.4.

14.4 On the service of a Mediation Referral Notice, the parties shall jointly appoint a mediator to mediate the Deadlock, the cost of which shall be borne equally between the parties.

14.5 If:

14.5.1 the parties do not agree on the appointment of a mediator within 15 Business Days of service of the Mediation Referral Notice (the first day of that 15 Business Day period being the first Business Day after the service of the Mediation Referral Notice); or

14.5.2 the person appointed or to be appointed is unable or unwilling to act,

the mediator shall be appointed by the Chief Executive for the time being of CEDR or RICS (whichever is the most relevant having regard to the subject matter of the dispute) following a request made by any party to the Chief Executive for that purpose.

- 14.6 The mediation shall be conducted in the English language in accordance with the then current CEDR Model Mediation Procedure or RICS procedure, which is deemed to be incorporated in this Agreement.
- 14.7 If an agreement is reached on the Deadlock during the mediation, that agreement shall be reduced to writing and, once signed by the parties, shall be binding on all parties.
- 14.8 The mediation will take place where the HoldCo deems appropriate.
- 14.9 Unless concluded with a written legally binding agreement, the mediation shall be concluded in confidence and without prejudice to the rights of any of the parties in any further proceedings.
- 14.10 If the Deadlock cannot be resolved following mediation, the parties shall be entitled to commence arbitration or litigation proceedings to settle the Dispute.

15 TERMINATION

- 15.1 Subject to clause 15.2, this Agreement may be terminated by the HoldCo serving no less than six months' written notice on the Company.
- 15.2 The HoldCo may terminate this Agreement immediately where required in accordance with any Law.
- 15.3 Termination of this Agreement shall not affect any accrued rights or liabilities of any person or any liability or obligation arising under or pursuant to this Agreement or any other agreement or arrangement between any of the parties hereto or, except where this Agreement expressly provides to the contrary, affect the provisions of:
 - 15.3.1 clause 1 (*Definitions and Interpretation*);
 - 15.3.2 this clause 15 (*Termination*);
 - 15.3.3 clause 16 (*Confidentiality*);
 - 15.3.4 clause 17 (*Freedom of Information*);
 - 15.3.5 clause 21 (*Assignment and Subcontracting*);
 - 15.3.6 clause 22 (*Waivers and Consents*);
 - 15.3.7 clause 23 (*Rights and Remedies*);
 - 15.3.8 clause 27 (*Notices*);
 - 15.3.9 clause 28 (*Entire Agreement*);
 - 15.3.10 clause 29 (*Variation*);
 - 15.3.11 clause 30 (*Conflict with the Articles*);
 - 15.3.12 clause 31 (*Costs and Expenses*);
 - 15.3.13 clause 32 (*Set-off*);
 - 15.3.14 clause 33 (*No Partnership or Agency*); and
 - 15.3.15 clause 34 (*Governing Law and Jurisdiction*);

which shall continue in full force and effect after termination.

- 15.4 Where the Company is to be wound up and its assets distributed, the parties shall endeavour to ensure that:
- 15.4.1 all existing contracts of the Company are performed to the extent that there are sufficient resources;
 - 15.4.2 the Company shall not enter into any new contractual obligations;
 - 15.4.3 the Company is dissolved and its assets are distributed as soon as practical in accordance with clauses 15.4.4 or 15.4.5 as applicable;
 - 15.4.4 any other proprietary information or Intellectual Property Rights belonging to or originating from a party shall be returned to it by the other party or the Company and all such proprietary information or Intellectual Property Rights shall be erased from the computer systems (to the extent possible) of the person who is/are returning it; and
 - 15.4.5 the assets of the Company remaining after payment of all debts and liabilities of such company and of all costs, charges and expenses of winding up the same, shall be distributed amongst the current shareholders or members of the Company.

16 CONFIDENTIALITY

- 16.1 Each party undertakes that they shall not at any time hereafter use or disclose (in each case except for the purpose of exercising its rights and fulfilling its obligations under this Agreement) to any person any Confidential Information of any other party which may have or may in future come to its knowledge or possession, provided that any party may share such information:
- 16.1.1 with its professional advisers or to those of its directors, members, officers, employees, advisers and representatives who are directly concerned with the relevant party or its business;
 - 16.1.2 as may be required by any applicable law or by any supervisory or regulatory body with whose rules it is necessary for that party to comply;
 - 16.1.3 in connection with any proceedings arising out of or in connection with this Agreement; or
 - 16.1.4 once it enters the public domain otherwise than by reason of a breach of this clause 16.1.
- 16.2 All parties shall use its reasonable endeavours to prevent the use or disclosure of any such Confidential Information otherwise than in accordance with this clause 16.
- 16.3 Notwithstanding the restrictions in clauses 16, any party may use such Confidential Information for the purpose of the promotion of the Business.
- 16.4 Each Director shall be entitled to disclose to the HoldCo, all information to which the HoldCo is entitled pursuant to clause 8 from time to time.
- 16.5 The parties shall use their reasonable endeavours to procure that any of their officers, employees, advisers and representatives coming into receipt of such Confidential Information shall be informed upon receipt that such information is confidential and (so far as such party is able to procure the same) shall comply with the provisions of this clause 16.5 in respect of such Confidential Information as if they were parties.
- 16.6 Where any party is required by any law, regulation or governmental or regulatory authority to retain any information (or copies of such information) of any other party, it shall notify the other party in writing of such retention giving details of the information that it is required to retain.

17 FREEDOM OF INFORMATION

- 17.1 The parties acknowledge that the parties are subject to the requirements of the FOIA and the EIR and the parties shall, where reasonable, assist and co-operate (at their own expense) with the other parties for information to enable the other parties (where required) to comply with their information disclosure obligations.
- 17.2 Subject to clause 17.1, where the Company receives a request for information under either the FOIA or the EIR which it is holding on behalf of any other party, it shall:
- 17.2.1 transfer the request for information to the relevant party (or such other party as it is otherwise agreed between the parties is the best person to deal with such request) as soon as practicable after receipt and in any event within two Business Days of receiving a request for information;
 - 17.2.2 provide the relevant or other party with a copy of all information in its possession or power in the form that the relevant or other party requires within ten Business Days (or such longer period as the relevant or other party may specify) of the relevant or other party requesting that information; and
 - 17.2.3 provide all necessary assistance as reasonably requested by the relevant or other party to enable the relevant or other party to respond to a request for information within the time for compliance set out in the FOIA or the EIR.
- 17.3 Where the Council receives a request under FOIA or EIR which relates to the operations of the Company, it shall notify the Company (either via the HoldCo or directly as ultimate indirect shareholder of the Company) and afford them an opportunity to make any comments or representations in respect of the disclosure of the information sought. The Company shall respond within five Business Days of receipt of this notification. The Council shall take into account any such comments or representations in so doing and shall not respond to the request until the five Business Days response period referred to above has passed.
- 17.4 Each party shall be responsible for determining in its absolute discretion whether any information requested under the FOIA and EIR:
- 17.4.1 is exempt from disclosure; or
 - 17.4.2 is to be disclosed in response to a request for information.
- 17.5 Each party acknowledges that the other party may be obliged under the FOIA and EIR to disclose information:
- 17.5.1 without consulting with the other parties where it has not been practicable to achieve such consultation; or
 - 17.5.2 following consultation with the other parties and having taken their views into account.

18 DATA PROTECTION

The parties shall comply with Law relating to data protection at all times when carrying out their respective obligations pursuant to this Agreement and any other agreement to which it is a party.

19 UNLAWFUL FETTER ON THE COMPANY'S POWERS

Notwithstanding any other provision contained in this Agreement, the Company shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any of its statutory powers, but any such provision shall remain valid and binding as regards all other parties to which it is expressed to apply.

20 FURTHER ASSURANCE

Each party shall at its own cost and expense, on being required to do so by another party now or at any time in the future, do or procure the doing of all such acts and things and/or execute or procure the execution of all such deeds and documents in a form satisfactory to such other party which such other party may reasonably consider necessary for giving effect to this Agreement.

21 ASSIGNMENT AND SUB-CONTRACTING

21.1 This Agreement is personal to the parties and no party shall assign, transfer, subcontract or deal in any other manner with any of its rights and obligations under this Agreement without the prior written consent of the HoldCo. Each party hereby undertakes and represents to the other parties that it is entering into this Agreement only for its own benefit.

21.2 This Agreement shall be binding on and shall endure for the benefit of each party's successors.

22 WAIVERS AND CONSENTS

22.1 A waiver of any right or remedy under this Agreement or by Law, or any consent given under this Agreement, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

22.2 A failure or delay by a party to exercise any right or remedy provided under this Agreement or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this Agreement. No single or partial exercise of any right or remedy provided under this Agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this Agreement by the HoldCo shall be effective unless it is in writing.

23 RIGHTS AND REMEDIES

The rights and remedies provided under this Agreement are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

24 SEVERANCE

If any provision (or part of a provision) of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this Agreement.

25 COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one Agreement.

26 THIRD PARTY RIGHTS

Except as expressly provided elsewhere in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this Agreement. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

27 NOTICES

27.1 Delivery

Any notice or other communication required to be given to a party under or in connection with this Agreement shall be:

27.1.1 in writing;

27.1.2 delivered by hand, by pre-paid first-class post or other next working day delivery service or sent by electronic mail; and

27.1.3 sent to:

(a) the HoldCo at:

Address: County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN
Email: Marcus.wilson@wiltshire.gov.uk
LegalServicesCommercial@wiltshire.gov.uk
Attention: Company Secretary

(b) the Company

Address: County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN
Email: Marcus.wilson@wiltshire.gov.uk
LegalServicesCommercial@wiltshire.gov.uk
Attention: Company Secretary

or to any other address or email address as is notified in writing by one party to the other from time to time.

27.2 Receipt

Any notice or other communication shall be deemed to have been received:

27.2.1 if delivered by hand, at the time it is left at the relevant address;

27.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting; and

27.2.3 if sent by electronic mail, upon receipt by the party to which it is given.

A notice or other communication given as described in clause 27.2.1 or clause 27.2.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

27.3 Receipt by HoldCo

Any notice or other communication given to the HoldCo shall be deemed to have been received only on actual receipt.

28 ENTIRE AGREEMENT

28.1 This Agreement and the documents referred to in it (including the Articles and any Deed of Adherence) constitute the entire agreement between the parties relating to its/their subject matter and supersede all previous agreements between the parties relating to such matters.

28.2 Each of the parties acknowledges that in agreeing to enter into this Agreement it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement

and/or the documents referred to in it) made by or on behalf of any other party before the signature of this Agreement. Each of the parties waives:

28.2.1 all rights and remedies which, but for this clause 28.2, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance; and

28.2.2 all rights and remedies, other than remedies for breach of contract available in respect of a breach of this Agreement and/or the documents referred to in it, which, but for this clause 28.2, might otherwise be available to it in respect of the falsity of any representation or warranty set out in this Agreement and/or the documents referred to in it,

provided that nothing in this clause 28.2 shall limit or exclude any liability for fraud or dishonesty on the part of any party.

29 VARIATION

No variation to the terms of this Agreement shall be effective unless made in writing and signed by each of the parties and any person who agrees to be bound by this Agreement.

30 CONFLICT WITH THE ARTICLES

If any provision of this Agreement is inconsistent with a provision of the Articles, then the terms of this Agreement shall prevail and the member(s) of such Company agree to procure the making of any amendment to the Company's Articles as soon as reasonably practicable which is required in order to make the Articles consistent with the provisions of this Agreement and the HoldCo hereby consents to any such changes to the Company's Articles.

31 COSTS AND EXPENSES

All costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other documents referred to in it shall be borne by the HoldCo, save for any private advice sought by any party which shall be for the cost of that party.

32 SET-OFF

All amounts falling due under this Agreement shall be paid in full without any set-off or counterclaim.

33 NO PARTNERSHIP OR AGENCY

Nothing in this Agreement is intended to or shall operate to create a partnership between the parties or any of them, or to authorise any party to act as agent for any other party, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other party in any way.

34 GOVERNING LAW AND JURISDICTION

34.1 This Agreement is governed by and shall be construed in accordance with the laws of England and each party submits to the exclusive jurisdiction of the courts of England for all purposes relating to this Agreement.

34.2 Each party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of clause 14. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

This Agreement has been executed as a deed and has been entered into on the date stated at the beginning of it.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first before written

Executed as a deed by)
STONE CIRCLE HOLDING COMPANY)
LIMITED)
acting by,)
a director and a director/secretary) **Director**

.....
Director /Secretary

Executed as a deed by)
STONE CIRCLE ENERGYCOMPANY)
LIMITED)
acting by,)
a director and a director/secretary) **Director**

.....
Director / Secretary

SCHEDULE 1 – RESERVED MATTERS

Number	Reserved Matter
	Constitution of the company
1	Varying in any respect the articles or the rights attaching to any of the shares or memberships (as applicable) in the company.
	Officers and Shareholders of the company
2	The appointment and the appointment terms (including any remuneration terms) of any Directors.
3	The appointment and the appointment terms (including any remuneration terms) of any employees.
4	The removal of any Directors (including any terms on which such Directors are removed from their office as Directors).
5	The admission of further shareholders or members to the Company or agreeing any rights or restrictions attaching to any shares or memberships allocated to such new shareholders or members as applicable).
	Future direction and development of the company
6	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or incorporated joint venture vehicle.
7	Amalgamating or merging with any other company or business undertaking.
8	Selling or disposing of any part of the business of the Company.
9	Agreeing the Business Plan and any in-year material changes.
10	Undertaking any business or action which is inconsistent with the Business Plan then in force or omitting to undertake any action which is required by that Business Plan except with the prior written consent of the HoldCo
11	Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent).
12	Agreeing or approving any other material services the total value of which exceeds £10,000 per annum to be provided by the Company to a third party not approved under the Business Plan.
13	Appointing any agent (not being a subcontractor) to conduct the whole or any part of the business of the Company, other than the appointment of an agent to conduct an area of the business of the Company
14	Applying for the listing or trading of any shares in its issued capital or debt securities on any stock exchange or market (where applicable).
	Management of the business of the company

15	Changing the Company's registered office.
16	Changing the Company's name.
17	Creating or agreeing to create a charge, security or encumbrance over the Company's assets, shares or income
18	Approving any matter that will have an adverse effect on the reputation of the Council.
19	Changing the nature of the business or commencing any new business which is not ancillary or incidental to the business of the Company.
20	Agreeing to enter into or entering into any acquisition or disposal of any material assets by the Company the total value of which exceeds £30,000 per annum not approved in the Business Plan.
21	Giving notice of termination of any arrangements, contracts or transactions the total value of which exceeds £500,000 per annum or materially varying any such arrangements, contracts or transactions and such termination or variation is likely to have an adverse impact on the financial status of a Company.
22	Granting rights (by licence or otherwise) in or over any intellectual property owned or used by the Company.
23	Appointing and changing the Company's auditors.
24	Changing the Financial Year of the Company.
25	Agreeing to make or making any loan (otherwise than by way of a deposit with a bank or other institution, the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading or the granting of trade credit to a company which has been approved under the Business Plan) or giving any guarantee or indemnity (other than in the normal course of trading).
26	Increasing or reducing the amount of its issued share capital, granting any option over or in its share capital, redeeming or purchasing any of its own shares or otherwise altering, or effecting any reorganisation of, its share capital (where applicable).
27	Declaring or paying any end of year dividend of the Company.

SCHEDULE 2– PROJECT PLAN

1. Identification of site
2. Comment on the legal title
3. Description of the development proposed, which will include feedback from the Council's planning department.
4. Proposed land transfer value
5. Estimated development costs of project
6. Funding requirement and a plan for how this will be met (from equity or debt from the Council and/ or third party debt)
7. Estimated proceeds of sale – i.e. transfer value

SCHEDULE 3 – LETTER OF APPOINTMENT OF A DIRECTOR

[on the headed notepaper of the Company]

To: [Name and address of Director]

[Date]

Dear ●

● Limited (the **Company**)

This letter contains the terms which we have discussed and agreed for your appointment as a director of the Company, as [a][the] Director of Wiltshire Council (the **Council**). Your appointment is made pursuant to and is subject to the terms and conditions set in the Shareholder Agreement dated ● 2019 (**Agreement**).

You shall not be entitled to any fees or remuneration save as paid to you by your appointer or as otherwise expressly agreed in writing.

You shall be expected to attend Board meetings and general meetings (where requested) of the Company. You shall receive details of all such meetings in advance.

You shall not, whether during the appointment or after its termination, except in the proper course of your duties or as required by law, use or divulge, and shall use all reasonable endeavours to prevent the use or disclosure of, any trade or business secrets or any information concerning the business or finances of the Company or of any dealings, transactions, or affairs of the Company or any client, customer or supplier of the Company which comes to your knowledge during the course of this appointment and shall comply with the provisions of clause 16 (*Confidentiality*) of the Agreement as if it applied to you. You shall, however, be entitled to disclose information to the shareholder appointing you as permitted under the Agreement.

The appointment shall automatically cease in relation to the Company in the event that: (a) you resign as a director; or (b) upon the delivery of a notice from the HoldCo in accordance with the Company's Articles of Association removing you from office in relation to the Company. Without limitation to (a) and (b) above, in signing this letter, you acknowledge that your office is subject to the terms of the Agreement and the Company's Articles of Association and may be determined as permitted under the terms of the Agreement and the Articles and that upon such termination you shall vacate office in relation to the Company forthwith without raising any claim whatsoever against the Company.

On termination of your appointment, you agree that you shall promptly return to the Company all papers and property of the Company which are in your possession or under your control.

Please indicate your acceptance and acknowledgement of these terms by signing the attached copy and returning it to me. I look forward to seeing you at our next Board meeting.

Yours sincerely

.....
Signatory, duly authorised
for and on behalf of the Company

I agree to and acknowledge the terms and conditions set out above relating to my appointment as director of the Company.

Signed

Dated

SCHEDULE 4 – DEED OF ADHERENCE

THIS DEED is made on

BY ● (company number ●) whose registered office is at ● (the **Covenantor**) in favour of the persons whose names are set out in the schedule to this deed and is supplemental to the Shareholder Agreement dated ● (the **Agreement**)

THIS DEED WITNESSES as follows:

- 1 The Covenantor confirms that it has been given and read a copy of the Agreement and covenants with each person named in the schedule to this deed to perform and be bound by all the terms of the Agreement and to perform the obligations contained in the Agreement which are expressed to be performed by the Company (as defined in the Agreement), as if the Covenantor were a party to the Agreement.
- 2 This deed is governed by the laws of England and Wales.

IN WITNESS WHEREOF this deed has been executed by the Covenantor and is intended to be and is hereby delivered on the date first above written.

[Insert correct execution block]

Executed as a deed by)
●)
acting by a director and a director/)
Secretary) **Director**
)
)
)
) **Director/Secretary**

SCHEDULE – List of parties to Shareholder Agreement including those who have executed earlier deeds of adherence

This page is intentionally left blank

Contents

Item	Page
STONE CIRCLE ENERGY COMPANY LIMITED.....	1
PART 1 – INTERPRETATION	1
1 DEFINED TERMS	1
PART 2 - DIRECTORS.....	4
DIRECTORS' POWERS AND RESPONSIBILITIES	4
2 DIRECTORS' GENERAL AUTHORITY	4
3 SHAREHOLDERS' RESERVE POWER	4
4 DIRECTORS MAY DELEGATE.....	4
5 COMMITTEES.....	4
DECISION-MAKING BY DIRECTORS	4
6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY	4
7 UNANIMOUS DECISIONS	5
8 CALLING A DIRECTORS' MEETING	5
9 PARTICIPATION IN DIRECTORS' MEETINGS.....	5
10 QUORUM FOR DIRECTORS' MEETINGS	6
11 CHAIRING OF DIRECTORS' MEETINGS.....	6
12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY	6
13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION	7
14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING	8
15 RECORDS OF DECISIONS TO BE KEPT	8
16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES.....	8
APPOINTMENT OF DIRECTORS	8
17 METHODS OF APPOINTING DIRECTORS.....	8
18 TERMINATION OF A DIRECTOR'S APPOINTMENT	9
19 DIRECTORS' REMUNERATION AND EXPENSES.....	9
20 ALTERNATE DIRECTORS	9
PART 3 - SHARES AND DISTRIBUTIONS.....	11
SHARES.....	11
21 APPOINTMENT OF SHAREHOLDERS.....	11
22 LIABILITY OF SHAREHOLDERS	11
23 ALL SHARES TO BE FULLY PAID UP	11
24 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE.....	11
25 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS	11
26 SHARE CERTIFICATES.....	11
27 REPLACEMENT SHARE CERTIFICATES	12
28 SHARE TRANSFERS.....	12
29 TRANSMISSION OF SHARES.....	12
30 EXERCISE OF TRANSMITEES' RIGHTS.....	13
31 TRANSMITEES BOUND BY PRIOR NOTICES.....	13

DIVIDENDS AND OTHER DISTRIBUTIONS.....	13
32 PROCEDURE FOR DECLARING DIVIDENDS.....	13
33 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS.....	13
34 NO INTEREST ON DISTRIBUTIONS.....	14
35 UNCLAIMED DISTRIBUTIONS.....	14
36 NON-CASH DISTRIBUTIONS.....	14
37 WAIVER OF DISTRIBUTIONS.....	15
CAPITALISATION OF PROFITS.....	15
38 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS.....	15
PART 4 - DECISION-MAKING BY SHAREHOLDERS.....	16
39 WRITTEN RESOLUTIONS.....	16
ORGANISATION OF GENERAL MEETINGS.....	16
40 GENERAL MEETINGS.....	16
41 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS.....	16
42 QUORUM FOR GENERAL MEETINGS.....	17
43 CHAIRING GENERAL MEETINGS.....	17
44 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS.....	17
45 ADJOURNMENT.....	17
VOTING AT GENERAL MEETINGS.....	18
46 VOTING: GENERAL.....	18
47 ERRORS AND DISPUTES.....	18
48 POLL VOTES.....	18
49 CONTENT OF PROXY NOTICES.....	19
50 DELIVERY OF PROXY NOTICES.....	19
51 AMENDMENTS TO RESOLUTIONS.....	19
PART 5 - ADMINISTRATIVE ARRANGEMENTS.....	20
52 MEANS OF COMMUNICATION TO BE USED.....	20
53 COMPANY SEALS.....	20
54 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS.....	20
55 APPOINTMENT OF COMPANY SECRETARY.....	20
56 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS.....	21
DIRECTORS' INDEMNITY AND INSURANCE.....	21
57 INDEMNITY.....	21
58 INSURANCE.....	21

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
STONE CIRCLE ENERGY COMPANY LIMITED

PART 1 – INTERPRETATION

1 DEFINED TERMS

1.1 In the Articles, unless the context requires otherwise:

Appointer has the meaning given in Article 20.1

Articles means the Company's articles of association as amended from time to time

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy

capitalised sum has the meaning given to it in Article 38.1.2

Chair has the meaning given in Article 11

Chair of the Meeting has the meaning given in Article 43

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company

Company means the company governed by the Articles

Conflict has the meaning given in Article 13

Council means Wiltshire Council of County Hall, Bythesea Road, Trowbridge, Wiltshire, BA14 8JN and any statutory successor

Director means a director of the Company, and includes any person occupying the position of director, by whatever name called

Distribution Recipient has the meaning given in Article 33.2

Document includes, unless otherwise specified, any Document sent or supplied in Electronic Form

Electronic Form has the meaning given in section 1168 of the Companies Act 2006

Eligible Director means a Director who would have been entitled to vote on the matter had it been proposed as a resolution at a meeting of the Directors

fully paid in relation to a Share, means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company

Group Company means, in relation to a company:

- (a) any subsidiary of the Company;
- (b) any parent undertaking or undertakings of the Company; and
- (c) any subsidiary of any such parent undertakings

Hard Copy Form has the meaning given in section 1168 of the Companies Act 2006

HoldCo means Stone Circle Holding Company Limited (registered number: 12192499) being the sole shareholder of the Company being the registered holder of 100% of the nominal value of the Shares

Holder in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares

Instrument means a Document in Hard Copy Form

ordinary resolution has the meaning given in section 282 of the Companies Act 2006

paid means paid or credited as paid

participate, in relation to a Directors' meeting, has the meaning given in Article 9

Permitted Situation has the meaning given in Article 13.5

persons entitled has the meaning given in Article 38.1.2

Proxy Notice has the meaning given in Article 49

Relevant Director has the meaning given in Article 13.1

Shareholder means a person who is the Holder of a Share.

Shares means shares in the Company

special resolution has the meaning given in section 283 of the Companies Act 2006

Transmittee means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise

- 1.2 Unless the context otherwise requires, other words or expressions contained in the Articles bear the same meaning as in the Companies Act 2006 as in force on the date when the Articles become binding on the Company.
- 1.3 A reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.
- 1.9 A reference to **writing** or **written** includes email but not fax.
- 1.10 A reference to any agreement or document (or any provision of it) referred to in the Articles is a reference to that agreement or document (or the relevant provision of it) as varied, amended or supplemented (in each case, other than in breach of the provisions of that agreement or document) from time to time.
- 1.11 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.12 A reference to an **amendment** includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly).
- 1.13 A reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it.
- 1.14 references to a **month** shall be construed as a reference to a period starting on one day in a calendar month and ending on the day immediately preceding the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month; and
- 1.15 The expressions **body corporate**, **holding company**, **subsidiary**, **parent undertaking**, **subsidiary undertaking** and **parent company** shall have the respective meanings given in the Companies Act 2006, and, for the purposes of sections 1159(1) and 1162(2)(b) and (d) of that Act, a company or undertaking (the **first person**) shall be treated as a member of another company or undertaking if:
- 1.15.1 any of the first person's subsidiaries or subsidiary undertakings is a member of that other company or undertaking; or
- 1.15.2 any shares or capital interests in that other company or undertaking are held by a person acting on behalf of the first person or any of its subsidiaries or subsidiary undertakings; or
- 1.15.3 any shares or capital interests in that other company or undertaking are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares or capital interests by the first person.

In the case of a limited liability partnership which is (or might constitute) a subsidiary or subsidiary undertaking of a company or another limited liability partnership, sections 1159 and 1162 of the Companies Act 2006 shall be amended so that:

- (a) references in sections 1159(1)(a) and (c) and 1162(2)(a) and (d) to "voting rights" are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and
- (b) references in sections 1159(1)(b) and 1162(2)(b) to the "right to appoint or remove a majority of its board of directors" is to the right: (i) to appoint or remove a majority of the directors (or equivalent) of that limited liability partnership; or (ii) if no such directors (or equivalent) exist by virtue of the constitution of that limited liability partnership, members holding a majority of the voting rights,

and unless the context otherwise requires, the application of the definitions of body corporate, holding company, subsidiary, parent undertaking, subsidiary undertaking and parent company shall apply as to the relevant company or undertaking as it is at that time.

PART 2 - DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

2 DIRECTORS' GENERAL AUTHORITY

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

3 SHAREHOLDERS' RESERVE POWER

- 3.1 The Shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 3.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

4 DIRECTORS MAY DELEGATE

- 4.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles as follows:
 - 4.1.1 to such person or committee;
 - 4.1.2 by such means (including by power of attorney);
 - 4.1.3 to such an extent;
 - 4.1.4 in relation to such matters or territories; and
 - 4.1.5 on such terms and conditions,as they think fit.
- 4.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 4.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

5 COMMITTEES

- 5.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 5.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

6 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 6.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 7.

- 6.2 If only one Director is eligible to vote on any authorisation required under Article 13, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in the Articles relating to Directors' decision-making.
- 6.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors.
- 6.4 If the numbers of votes for and against a proposal are equal, the Chair shall not have a casting vote.

7 UNANIMOUS DECISIONS

- 7.1 A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 7.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each Eligible Director or to which each Eligible Director has otherwise indicated agreement in writing.
- 7.3 A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

8 CALLING A DIRECTORS' MEETING

- 8.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors and the HoldCo in accordance with Article 8.2 or by authorising the company secretary (if any) to give such notice.
- 8.2 A meeting of the Directors must be called by at least 7 days' notice unless either:
- 8.2.1 the Directors and the HoldCo unanimously agree otherwise; or
 - 8.2.2 urgent circumstances require shorter notice.
- 8.3 Notice of any Directors' meeting must include:
- 8.3.1 its proposed date and time;
 - 8.3.2 where it is to take place;
 - 8.3.3 if it is anticipated that persons participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting;
 - 8.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
 - 8.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 8.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

9 PARTICIPATION IN DIRECTORS' MEETINGS

- 9.1 Subject to the Articles, Directors **participate** in a Directors' meeting, or part of a Directors' meeting, when:
- 9.1.1 the meeting has been called and takes place in accordance with the Articles; and
 - 9.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

- 9.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 9.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- 9.4 The HoldCo shall have the right to attend and receive notice of (but not vote at) any Board meetings and receive papers in relation to such meetings at the same time as those papers are given to the Directors.

10 QUORUM FOR DIRECTORS' MEETINGS

- 10.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 10.2 Subject to Article 6.2 the quorum for a Directors' meeting shall be three Directors.
- 10.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
- 10.3.1 to appoint further Directors; or
 - 10.3.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.
- 10.4 If a quorum is not present with half an hour from the time appointed for the meeting, or during a meeting a quorum ceases to be present, the meeting shall be adjourned to such time and place as the Directors may determine in accordance with the Articles.

11 CHAIRING OF DIRECTORS' MEETINGS

- 11.1 The person appointed pursuant to Article 11.2 or Article 11.3 (as the case may be) shall be known as the Chair.
- 11.2 With the prior written consent of the HoldCo, the Directors may:
- 11.2.1 appoint a person Chair of the Directors;
 - 11.2.2 determine the period for which he is to hold office; and
 - 11.2.3 at any time remove him from office.
- 11.3 If at the date and time of a meeting of the Directors no person has been appointed as Chair pursuant to Article 11.2, then the participating Directors at that meeting may appoint a Director present to chair the meeting. The participating Directors may also terminate the appointment of a person as Chair made under this Article 11.3 at any time during the meeting at which he is appointed.

12 CONFLICTS OF INTEREST – TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

- 12.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.
- 12.2 Provided that he has disclosed to the Directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act 2006, a Director notwithstanding his office:
- 12.2.1 may be a party to, or otherwise interested in, any contract with the Company or a Group Company of the Company or in which either or both of them is/are otherwise interested;

- 12.2.2 may be an elected member, director or other officer of, employed by, a party to any contract with, or otherwise interested in, the Council, any Group Company of the Company or in any body corporate promoted by the Company, the Council, or a Group Company of the Company, or in which any of them is/are interested; and
 - 12.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 12.3 For the purposes of this Article 12.3:
- 12.3.1 a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being an elected member, director, officer or employee of the Council or any Group Company of the Company; and
 - 12.3.2 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.
- 12.4 Where a Director is an elected member, director, officer, or employee of the Council or a Group Company of the Company, he:
- 12.4.1 may in exercising his independent judgment take into account the success of the Council or Group Company as well as the success of the Company; and
 - 12.4.2 shall in the exercise of his duties have a duty of confidentiality to the Council or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Council or Group Company except as may be imposed under Article 13.5.

13 CONFLICTS OF INTEREST REQUIRING BOARD AUTHORISATION

- 13.1 The Directors may authorise any matter which would otherwise involve a Director (a **Relevant Director**) breaching his duty under section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a **Conflict**).
- 13.2 Any Director (including the Relevant Director) may propose that the Relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Directors shall be effected in the same way that any other matter may be proposed to and decided upon by the Directors under the Articles save that the Relevant Director (and any Director) shall not count towards the quorum nor vote on any resolution giving such authority.
- 13.3 Where the Directors give authority in relation to a Conflict:
- 13.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - 13.3.2 the Directors may revoke or vary such authority at any time but this will not affect anything done by the Relevant Director prior to such revocation in accordance with the terms of such authority.
- 13.4 A Conflict in relation to a Director arising solely as a result of him being an elected member, director, officer or employee of the Council or any Group Company of the Company shall be deemed to have been authorised for the purposes of this Article 13 and section 175 of the Companies Act 2006.
- 13.5 Where Article 13.4 above applies or the Directors otherwise gives authority in relation to a Conflict, or where any of the situations referred to in Article 12 (a **Permitted Situation**) applies:

- 13.5.1 the Directors may (whether at the relevant time or subsequently) (i) require that the Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at Directors meetings or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the Relevant Director such other terms for the purpose of dealing with the Conflict as they may determine;
- 13.5.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict or Permitted Situation; and
- 13.5.3 the Directors may provide that where the Relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

13.6 A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the Shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this Article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

14 EFFECT OF DIRECTORS' INTERESTS ON QUORUM AND VOTING

- 14.1 Subject where applicable to disclosure in accordance with the Articles and subject to any terms imposed by the Directors in relation to any Conflict or Permitted Situation, a Director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly (where that interest arises by virtue of a Conflict which has been authorised or a Permitted Situation) and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.
- 14.2 However, a Director shall not be entitled to vote in respect of any other matter in which he is interested directly or indirectly and his presence at the meeting shall not be taken into account in ascertaining whether a quorum is present.
- 14.3 Subject to Article 14.4 below, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any Director other than the Chair is to be final and conclusive.
- 14.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

15 RECORDS OF DECISIONS TO BE KEPT

The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

16 DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

APPOINTMENT OF DIRECTORS

17 METHODS OF APPOINTING DIRECTORS

- 17.1 The board of Directors shall comprise of a minimum of three Directors.

- 17.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed as a Director in accordance with these Articles.
- 17.3 Subject to the Articles, any appointment(s) or termination(s) of a Director made under this Article 17 shall be effected (as relevant) by the HoldCo giving notice in writing to the Company, on the date on which the notice from the HoldCo is received by the Company, or if a later date is specified in the notice, on that date.
- 17.4 The HoldCo may at any time appoint any person to be a Director, whether as an additional Director or to fill a vacancy, and may remove from office any Director howsoever appointed and any alternate Director. Any such appointment or removal shall be effected by an ordinary resolution or otherwise by notice in writing to the Company by the HoldCo. Any such appointment or removal shall take effect:
- 17.4.1 if it is effected by ordinary resolution, at the point the resolution is passed; and
- 17.4.2 if it is effected by notice in writing to the Company, when it is delivered to the registered office of the Company or, if it is produced at a meeting of the Directors, when it is so produced or, if sent by electronic means to an address generally used by the Company, when it is sent.
- 17.5 Any removal pursuant to this Article 17 shall be without prejudice to any claim that a Director may have under any contract between him and the Company.

18 TERMINATION OF A DIRECTOR'S APPOINTMENT

- 18.1 A person ceases to be a Director as soon as:
- 18.1.1 the HoldCo notifies the Company that the individual is to be removed as a Director;
- 18.1.2 the HoldCo serves notice to remove the Director in accordance with Article 17.4, and such notice has taken effect in accordance with its terms;
- 18.1.3 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
- 18.1.4 a bankruptcy order is made against that person;
- 18.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 18.1.6 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- 18.1.7 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

19 DIRECTORS' REMUNERATION AND EXPENSES

- 19.1 Any remuneration of the Directors shall require the prior approval of the HoldCo.
- 19.2 The Council's expenses policies from time to time shall apply to any expenses of Directors (and alternate Directors).

20 ALTERNATE DIRECTORS

- 20.1 Any Director (the **Appointor**) may, with the prior written approval of the HoldCo, appoint any person (whether or not a Director) to be his or her alternate to exercise the Appointor's powers, and carry out

the Appointor's responsibilities, in relation to the taking of decisions by the Directors, in the absence of the Appointor. A person may be appointed an alternate by more than one Director.

- 20.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company (and to the alternate, on removal) signed by the Appointor, or in any other manner approved by the Directors.
- 20.3 The notice must:
- 20.3.1 identify the proposed alternate; and
 - 20.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the Appointor.
- 20.4 An alternate has the same rights, in relation to any decision of the Directors, as the alternate's Appointor.
- 20.5 Except as the Articles specify otherwise, alternates:
- 20.5.1 are deemed for all purposes to be Directors;
 - 20.5.2 are liable for their own acts and omissions;
 - 20.5.3 are subject to the same restrictions as their Appointors; and
 - 20.5.4 are not deemed to be agents of or for their Appointors,
- and, in particular (without limitation), each alternate shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his Appointor is a member.
- 20.6 A person who is an alternate but not a Director may:
- 20.6.1 be counted as participating for the purposes of determining whether a quorum is present at a meeting of Directors (but only if that person's Appointor is an Eligible Director and is not participating); and
 - 20.6.2 participate in a unanimous decision of the Directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).
- 20.7 A Director who is also an alternate is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible Director in relation to that decision), in addition to his own vote on any decision of the Directors.
- 20.8 An alternate may be paid expenses and may be indemnified by the Company to the same extent as if he were a Director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.
- 20.9 A person's appointment as an alternate (in respect of a particular Appointor) terminates:
- 20.9.1 when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or
 - 20.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director; or
 - 20.9.3 when the alternate's Appointor ceases to be a Director for whatever reason.

PART 3 - SHARES AND DISTRIBUTIONS

SHARES

21 APPOINTMENT OF SHAREHOLDERS

- 21.1 The subscribers to the Memorandum are the first Shareholders.
- 21.2 No person shall be admitted as a Shareholder unless they are approved unanimously by the Shareholders.
- 21.3 The Directors or company secretary (if appointed) must keep a register of names and addresses of the Shareholders.

22 LIABILITY OF SHAREHOLDERS

The liability of the Shareholders is limited to the amount, if any, unpaid on the Shares held by them.

23 ALL SHARES TO BE FULLY PAID UP

- 23.1 No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 23.2 This does not apply to Shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

24 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE

- 24.1 Subject to the Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.
- 24.2 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the Holder, and the Directors may determine the terms, conditions and manner of redemption of any such Shares.

25 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a Share other than the Holder's absolute ownership of it and all the rights attaching to it.

26 SHARE CERTIFICATES

- 26.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.
- 26.2 Every certificate must specify:
 - 26.2.1 in respect of how many Shares, of what class, it is issued;
 - 26.2.2 the nominal value of those Shares;
 - 26.2.3 that the Shares are fully paid; and
 - 26.2.4 any distinguishing numbers assigned to them.
- 26.3 No certificate may be issued in respect of Shares of more than one class.

- 26.4 If more than one person holds a Share, only one certificate may be issued in respect of it.
- 26.5 Certificates must be executed in accordance with the Companies Act 2006.

27 REPLACEMENT SHARE CERTIFICATES

- 27.1 If a certificate issued in respect of a Shareholder's Shares is:
- 27.1.1 damaged or defaced; or
 - 27.1.2 said to be lost, stolen or destroyed,
- that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.
- 27.2 A Shareholder exercising the right to be issued with such a replacement certificate:
- 27.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - 27.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
 - 27.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

28 SHARE TRANSFERS

- 28.1 Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 28.2 No fee may be charged for registering any Instrument of transfer or other Document relating to or affecting the title to any Share.
- 28.3 The Company may retain any Instrument of transfer which is registered.
- 28.4 The transferor remains the Holder of a Share until the transferee's name is entered in the register of members as Holder of it.
- 28.5 The Directors may refuse to register the transfer of a Share, and if they do so, the Instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

29 TRANSMISSION OF SHARES

- 29.1 If title to a Share passes to a Transmitttee, the Company may only recognise the Transmitttee as having any title to that Share.
- 29.2 A Transmitttee who produces such evidence of entitlement to Shares as the Directors may properly require:
- 29.2.1 may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person; and
 - 29.2.2 subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.
- 29.3 However, Transmitttees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the Holder's death or bankruptcy or otherwise, unless they become the holders of those Shares.

30 EXERCISE OF TRANSMITEES' RIGHTS

- 30.1 Transmittees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 30.2 If the Transmitttee wishes to have a Share transferred to another person, the Transmitttee must execute an Instrument of transfer in respect of it.
- 30.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmitttee has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.

31 TRANSMITEES BOUND BY PRIOR NOTICES

If a notice is given to a Shareholder in respect of Shares and a Transmitttee is entitled to those Shares, the Transmitttee is bound by the notice if it was given to the Shareholder before the Transmitttee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

32 PROCEDURE FOR DECLARING DIVIDENDS

- 32.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 32.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 32.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 32.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 32.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 32.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 32.7 If the Directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

33 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 33.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
- 33.1.1 transfer to a bank or building society account specified by the Distribution Recipient either in writing or as the Directors may otherwise decide; or
- 33.1.2 any other means of payment as the Directors agree with the Distribution Recipient either in writing or by such other means as the Directors decide.
- 33.2 In the Articles, the **Distribution Recipient** means, in respect of a Share in respect of which a dividend or other sum is payable:

- 33.2.1 the Holder of the Share; or
- 33.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or
- 33.2.3 if the Holder is no longer entitled to the Share by reason of death or bankruptcy; or
- 33.2.4 otherwise by operation of law, the Transmittree.

34 NO INTEREST ON DISTRIBUTIONS

- 34.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:
 - 34.1.1 the terms on which the Share was issued; or
 - 34.1.2 the provisions of another agreement between the Holder of that Share and the Company.

35 UNCLAIMED DISTRIBUTIONS

- 35.1 All dividends or other sums which are:
 - 35.1.1 payable in respect of Shares; and
 - 35.1.2 unclaimed after having been declared or become payable,may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- 35.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 35.3 If:
 - 35.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and
 - 35.3.2 the Distribution Recipient has not claimed it,the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

36 NON-CASH DISTRIBUTIONS

- 36.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any Company).
- 36.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:
 - 36.2.1 fixing the value of any assets;
 - 36.2.2 paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and
 - 36.2.3 vesting any assets in trustees.

37 WAIVER OF DISTRIBUTIONS

37.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

37.1.1 the Share has more than one Holder; or

37.1.2 more than one person is entitled to the Share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

CAPITALISATION OF PROFITS

38 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS

38.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

38.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

38.1.2 appropriate any sum which they so decide to capitalise (a **capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (the **persons entitled**) and in the same proportions.

38.2 Capitalised sums must be applied:

38.2.1 on behalf of the persons entitled; and

38.2.2 in the same proportions as a dividend would have been distributed to them.

38.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

38.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

38.5 Subject to the Articles, the Directors may:

38.5.1 apply capitalised sums in accordance with Articles 38.3 and 38.4 partly in one way and partly in another;

38.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

38.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

PART 4 - DECISION-MAKING BY SHAREHOLDERS

39 WRITTEN RESOLUTIONS

A resolution of the Shareholder (or class thereof) may be passed as a written resolution in accordance with Chapter 2 of Part 13 of the Companies Act 2006.

ORGANISATION OF GENERAL MEETINGS

40 GENERAL MEETINGS

40.1 The HoldCo shall appoint and may remove or replace a person by notice in writing to the Company, in accordance with section 323 of the Companies Act 2006, to act as the representative of the HoldCo in accordance with the Articles.

40.2 Notice of a general meeting shall be given in Hard Copy Form, in Electronic Form or by means of a website, provided that the meeting is called by notice of at least 28 days and that the Company otherwise complies with any requirements relating to the giving of notice under the Companies Act 2006.

40.3 Any Director or the company secretary (if any) shall send notice of a general meeting to the HoldCo every Director and any other person required by law to be sent such notice.

40.4 Notice of a general meeting shall:

40.4.1 state the time, date and place of the meeting;

40.4.2 specify the general nature of the business to be dealt with at the meeting and set out the text of any special resolution to be voted upon at the meeting; and

40.4.3 be accompanied by a proxy form; and

notice of a general meeting need not be in writing.

40.5 The accidental omission to give notice of a general meeting to, or the non-receipt of notice by, any person entitled to receive the notice; or a technical defect in the timing or manner of giving such notice of which the Directors are unaware shall not invalidate the proceedings of that meeting.

41 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

41.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

41.2 A person is able to exercise the right to vote at a general meeting when:

41.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

41.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

41.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

41.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

41.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

42 QUORUM FOR GENERAL MEETINGS

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting unless an authorised representative of each Shareholder is present.

43 CHAIRING GENERAL MEETINGS

43.1 The person chairing a meeting in accordance with this Article is referred to as the **Chair of the Meeting**.

43.2 The Chair (if one is appointed under Article 11.2) shall chair general meetings if present and willing to do so.

43.3 If no Chair has been appointed under Article 11.2 or (if appointed) the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

43.3.1 the Directors present; or

43.3.2 (if no Directors are present) the meeting,

must appoint a Director or Shareholder to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.

44 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS

44.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.

44.2 The Chair of the Meeting may permit other persons who are not:

44.2.1 Shareholders; or

44.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings, to attend and speak at a general meeting.

45 ADJOURNMENT

45.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chair of the meeting must adjourn it.

45.2 The Chair of the Meeting may adjourn a general meeting at which a quorum is present if:

45.2.1 the meeting consents to an adjournment; or

45.2.2 it appears to the Chair of the Meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

45.3 The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

45.4 When adjourning a general meeting, the Chair of the meeting must:

45.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and

- 45.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 45.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
 - 45.5.1 to the same persons to whom notice of the Company's general meetings is required to be given; and
 - 45.5.2 containing the same information which such notice is required to contain.
- 45.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

46 VOTING: GENERAL

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

47 ERRORS AND DISPUTES

- 47.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 47.2 Any such objection must be referred to the Chair of the Meeting, whose decision is final.

48 POLL VOTES

- 48.1 A poll on a resolution may be demanded:
 - 48.1.1 in advance of the general meeting where it is to be put to the vote, or
 - 48.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 48.2 A poll may be demanded by:
 - 48.2.1 the Chair of the Meeting;
 - 48.2.2 the Directors;
 - 48.2.3 two or more persons having the right to vote on the resolution; or
 - 48.2.4 a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.
- 48.3 A demand for a poll may be withdrawn if:
 - 48.3.1 the poll has not yet been taken; and
 - 48.3.2 the Chair of the Meeting consents to the withdrawal.
- 48.4 Polls must be taken immediately and in such manner as the Chair of the Meeting directs.

49 CONTENT OF PROXY NOTICES

- 49.1 Proxies may only validly be appointed by a notice in writing (a **Proxy Notice**) which:
- 49.1.1 states the name and address of the Shareholder appointing the proxy;
 - 49.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
 - 49.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - 49.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 49.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 49.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 49.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 49.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 49.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

50 DELIVERY OF PROXY NOTICES

- 50.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- 50.2 An appointment under a Proxy Notice:
- 50.2.1 may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given; and
 - 50.2.2 shall be revoked if the person by whom or on whose behalf the Proxy Notice was given is present at the meeting or adjourned meeting to which it relates.
- 50.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 50.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

51 AMENDMENTS TO RESOLUTIONS

- 51.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 51.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chair of the Meeting may determine); and

- 51.1.2 the proposed amendment does not, in the reasonable opinion of the Chair of the Meeting, materially alter the scope of the resolution.
- 51.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
 - 51.2.1 the Chair of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 51.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 51.3 If the Chair of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chair of the Meeting's error does not invalidate the vote on that resolution.

PART 5 - ADMINISTRATIVE ARRANGEMENTS

52 MEANS OF COMMUNICATION TO BE USED

- 52.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 52.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 52.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

53 COMPANY SEALS

- 53.1 Any common seal may only be used by the authority of the Directors.
- 53.2 The Directors may decide by what means and in what form any common seal is to be used.
- 53.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a Document, the Document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 53.4 For the purposes of this Article, an authorised person is:
 - 53.4.1 any Director;
 - 53.4.2 the company secretary (if any); or
 - 53.4.3 any person authorised by the Directors for the purpose of signing Documents to which the common seal is applied.

54 RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS

The Shareholders and their authorised representatives shall have the right on giving to the Company reasonable advance notice, during normal business hours to inspect the books and records of the Company.

55 APPOINTMENT OF COMPANY SECRETARY

The HoldCo may appoint (and remove) the company secretary by notice in writing to the Company.

56 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

57 INDEMNITY

57.1 Subject to Article 57.2, a relevant Director of the Company or an associated Company may be indemnified out of the Company's assets against:

57.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated Company;

57.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

57.1.3 any other liability incurred by that Director as an officer of the Company or an associated Company.

57.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

57.3 In this Article:

57.3.1 companies are **associated** if one is a Subsidiary of the other or both are subsidiaries of the same body corporate; and

57.3.2 a **relevant Director** means any Director or former Director of the Company or an associated Company.

58 INSURANCE

58.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

58.2 In this Article:

58.2.1 a **relevant Director** means any Director or former Director of the Company or an associated Company;

58.2.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company; and

58.2.3 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank