


<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>FULL COUNCIL</b></p> <p><b>19 October 2016</b></p>		
<p><b>ESTABLISHMENT OF A COMMERCIAL REVENUE COMMITTEE</b></p>		
<p><b>Report of the Leader of the Council – Councillor Stephen Cowan</b></p>		
<p><b>Open Report</b></p>		
<p><b>Classification:</b> For Decision  <b>Key Decision:</b> No</p>		
<p><b>Wards Affected:</b> All</p>		
<p><b>Accountable Director:</b> Tasnim Shawkat, Monitoring Officer</p>		
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**1. EXECUTIVE SUMMARY**

1.1 This report seeks the creation of a Cabinet Committee - the Commercial Revenue Committee with two Members. The Committee or the two Cabinet members will jointly have the power to approve new income opportunities and income generating business cases with a value of up to £1 million. It is proposed that the Leader will nominate another Cabinet Member to act as a substitute in the absence of one of the Committee Members.

**2. RECOMMENDATIONS**

- 2.1 That a Committee of Cabinet – the Commercial Revenue Committee be created with the terms of reference attached as **Appendix 1**.
- 2.2 That Councillors Ben Coleman and Max Schmid be appointed as Members of the Commercial Revenue Committee.
- 2.3 That the Leader may nominate a substitute Member to act in the absence of one of the appointed Committee members.
- 2.4 That the Council’s constitution be amended to reflect the change to the Key Decision definition outlined in paragraph 7.2 and the Substitute Member Scheme in paragraph 8 of the report.

### **3. REASONS FOR DECISION**

- 3.1 The Local Government Act 2000 permits the Leader to make arrangements for the discharge of any executive functions by the executive, another member of the executive, a committee of the executive, an area committee, or an officer of the authority.

### **4. BACKGROUND**

- 4.1 As central government continues to reduce funding to local authorities, the Council is determined to increase net income from commercial sources to maintain services and keep down the cost of the Council to residents. For the Council to meet this challenge, it must quickly achieve a step-change in income levels and profits, both from existing activities and from new ideas and ventures.
- 4.2 The establishment of a Commercial Revenue Cabinet Committee and the delegation of decision making powers to the individual Cabinet members will enable the Council to achieve those objectives by allowing for more agile decision making to take advantage of business opportunities. It will also provide strategic leadership in this key priority area.

### **5. OPTIONS**

- 5.1 New decision making powers are being proposed for Members i.e. single member decision making powers to approve new income opportunities and income generating business cases with a value of up to £1 million. This can be done in a meeting of the Committee or by the two Cabinet Members jointly. In the event of an equality of votes, the decision would be referred to Cabinet. The definition of a "Key Decision" will be redefined to exclude these decisions from it.

### **6. OPERATIONS OF THE COMMITTEE**

- 6.1 The Committee will meet to approve new income opportunities and income generating business cases with a value of up to £1 million.
- 6.2 Decisions with a financial impact up to £1 million can be taken by the Committee. Any decisions more than £1 million can only be taken by Cabinet.
- 6.3 Should a decision be required in the period between Committee meetings, the Commercial Director, Managing Director of LBHF Ventures and the Strategic Finance Director have delegated authority to authorise new income opportunities and business cases with a financial impact of up to £100,000.
- 6.4 All decisions taken outside of Committee meetings will be circulated to all Committee members and reported to the next meeting of the Committee with details included in a report.
- 6.5 Access to information rules will apply to all Key Decisions taken.

- 6.6 The Committee will undertake the shareholder only decisions of HF Ventures - e.g. holding an annual shareholders meeting, approving of accounts etc.

## 7. DEFINITION OF A KEY DECISION

- 7.1 The Leader has allocated a “Portfolio” to each Cabinet Member and delegated to each “Portfolio Holder” responsibility for the discharge of the functions specified in that “Portfolio”. The powers currently delegated to individual Cabinet Members specifically excludes “Key Decisions”. This will continue.
- 7.2 It is being proposed that Article 12 of the constitution be amended to allow the Members of the Committee to take decision up to £1 million.

### (a) Key Decisions

A “Key Decision” is an executive decision which is likely to:

- (i) result in the Council incurring expenditure which is, or the making of savings which are, significant, having regard to the Council’s budget for the service or function to which the decision relates
- (ii) be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the local authority. (However, where practicable, the Council will also treat as “key” any decisions which have a significant effect on one ward).

In assessing whether a decision is a Key Decision, Members must consider all the circumstances of a case. However, a decision under paragraph (a)(i) will not generally be regarded as a key decision where its value is below £100,000 or, ***in the case of a business case for generating income to the Council through sale of services to non-residents where the value is less than £1,000,000.***

A decision maker may only make a Key Decision in accordance with the requirements of the Executive Procedure Rules as set out in Part 4 of this Constitution.

- 7.3 The Council is requested to approve this new definition of a Key Decision and amend Article 12 accordingly.

## 8. SUBSTITUTE MEMBER SCHEME

- 8.1 This report is proposing that the Leader can nominate a Cabinet Member to act as a substitute in the absence of one the members of the Committee.

### Substitute Member scheme

- A substitute Member may attend a meeting of the Committee to which he/she has been appointed as a substitute Member, in substitution for a full Member of that Committee from the same political group and with the full powers of a full Member where:
  - (a) the full Member for whom the substitute Member will substitute will be absent throughout the whole of the meeting; and
  - (b) the substitute Member has notified the Chief Executive or his/her representative before the start of the meeting that he/she will be acting as substitute for that meeting, and of the name of the full Member for whom he/she will substitute.

## **8.2 Powers and duties**

- A substitute Member shall have none of the rights of a Member of a Committee unless he/she has been substituted in accordance with Rule 8.1 above.
- Once substituted in accordance with Rule 8.1 above, the substitute Member shall have all the powers of a full Member at the meeting.

## **9. EQUALITY IMPLICATIONS**

9.1. The equalities implications of this decision has been considered to be neutral.

Implications completed by: Kayode Adewumi, 020 8753 2499

## **10. LEGAL IMPLICATIONS**

10.1. It is important to note that the Local Government Act 2000 requires the Council to have and maintain a Constitution. The Monitoring Officer is satisfied that the Council's Constitution continues to fulfil its stated purposes, as set out in Article 1 of the Constitution. It is the view of the Monitoring Officer that the review proposed will in itself raise awareness of the provision in the Constitution amongst officer.

Implications verified by: Tasnim Shawkat, Director of Law 020 8753 2700

## **11. FINANCIAL IMPLICATIONS**

11.1. There are no direct financial implications.

Implications completed by: Kayode Adewumi, 020 8753 2499

## **12. BUSINESS IMPLICATIONS**

12.1. There are no business implications.

Implications completed by: Kayode Adewumi, Head of Governance and Scrutiny  
020 8753 2499.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.