1 SUMMARY

1.1 Stirling Council and the wider Community Planning Partnership have a long-standing commitment to regeneration in Raploch. An Urban Regeneration Company (URC) was created in 2006 to deliver that commitment. Stirling Council was a founding Member of the Raploch Urban Regeneration Company (the URC) and made financial contributions, including land, to support its creation.

1.2 Legally, the Urban Regeneration Company is an independent company limited by guarantee and also a registered charity. As such, it requires to have governance arrangements in place that satisfy both the requirements of the Companies Act and the Office of the Scottish Charity Regulator (OSCR). It does this by having a Board of Directors, who are also Trustees of the charity. The Board is responsible for governing the day-to-day operations of the Urban Regeneration Company. The three local Councillors sit as Directors on the Urban Regeneration Company Board.

1.3 As a Member organisation, the Council has a responsibility to ensuring that the Urban Regeneration Company is delivering in accordance with its original expectations. In addition, the Council has an obligation under Following the Public Pound to ensure that there is accountability for public assets and assurance that Best Value is being achieved.

1.4 The Council’s External Auditor has highlighted the need for robust and appropriate liaison and monitoring arrangements, separate from any Board representation, to be in place for all Arms Length Organisations. Formal liaison arrangements to satisfy this have been developed in conjunction with the Urban Regeneration Company and are set out in paragraphs 3.8 and 3.9.

2 OFFICER RECOMMENDATION(S)

Executive agrees:

2.1 To approve the formal liaison and governance arrangements between Raploch Urban Regeneration Company and the Council set out in paragraphs 3.8 and 3.9
2.2 To note that the Assistant Chief Executive for Sustainability, Economy & Environment will be the responsible officer for ensuring appropriate monitoring reports are presented to Executive.

3 CONSIDERATIONS

3.1 The regeneration of Raploch has been a priority for Stirling Council for many years. In 2004 it was designated Urban Regeneration Pathfinder status by the then Scottish Executive in recognition of the very high levels of deprivation and social exclusion experienced by people living there. Raploch remains a regeneration priority within Stirling’s Single Outcome Agreement.

3.2 Raploch Urban Regeneration Company (the URC) was established in 2006 and a 10 year agreement finalised in 2007 to give effect to Stirling Council’s and the broader Community Planning Partnership’s commitment to securing sustainable area-wide regeneration and long term economic development in Raploch. The founding Members were Stirling Council and Scottish Enterprise Forth Valley. Following its national restructuring, Scottish Enterprise Forth Valley ceased to be a Member in 2008. In March 2010, the Council agreed to Forth Valley College becoming a Member to the Agreement.

3.3 The Raploch regeneration initiative and the resulting Urban Regeneration Company are governed by a suite of legal agreements:

a) A Members’ Agreement setting out the roles, responsibilities, governance arrangements and relationships between the Members and the Urban Regeneration Company

b) A Memorandum and Articles of Association for the Urban Regeneration Company setting out its internal governance and Board arrangements

c) A Development Agreement based on the original Business Plan that set the parameters for the regeneration initiative and setting out the purposes of the Urban Regeneration Company and the scope of works for which it is responsible for delivery

d) A Regeneration Agreement between the Urban Regeneration Company, Forth Housing Association as designated Housing provider and R3, the Urban Regeneration Company’s private sector development partner, setting out how the regeneration works will be procured and delivered.

3.4 Legally, the Urban Regeneration Company is an independent company limited by guarantee established by its founding Members (Stirling Council and Scottish Enterprise Forth Valley) to deliver sustainable area wide regeneration and long-term economic development in Raploch. The Urban Regeneration Company is also a registered charity and has a single subsidiary, Raploch Urban Regeneration Company Landholdings Ltd, which is constituted as a private company limited by shares and which undertakes the commercial dealings of the Raploch regeneration initiative.
3.5 As an independent company and a registered charity, the Urban
Regeneration Company requires to have governance arrangements in place
that satisfy both the requirements of the Companies Act and the Office of the
Scottish Charity Regulator (OSCR). It does this by having a Board of
Directors, who are also Trustees of the charity. The Board is responsible for
governing the day-to-day operations of the Urban Regeneration Company.
The three local elected members for Castle Ward are Member Directors on
the Urban Regeneration Company Board. The Board is supported by three
committees (Audit, Operations, and Staffing and Remuneration) to oversee
and guide its operational delivery. Reports from and the minutes of all Sub
Committees are reported to the Urban Regeneration Company Board at each
of its meetings. Separate Board meetings are also held for the Urban
Regeneration Company’s subsidiary, Raploch Urban Regeneration Company
Landholdings Ltd.

3.6 As a Member, along with Forth Valley College, Stirling Council has a
responsibility to ensure that the Urban Regeneration Company is delivering in
accordance with the expectations set out in the Members Agreement and the
Development Agreement. In addition, in particular in relation to the financial
contributions (including land transfers) that it made in establishing the Urban
Regeneration Company, the Council has an obligation under Following the
Public Pound to ensure that there is accountability for public assets and
assurance that Best Value is being achieved. Advice from the Council’s
External Auditors has highlighted the need for robust and appropriate liaison
arrangements (and separate from any Board representation) to be in place for
all Arms Length Organisations, of which the Urban Regeneration Company is
one.

3.7 As noted above, the day to day business of Raploch Urban Regeneration
Company is governed by its Board of Directors/Trustees. The three local
Councillors for Castle Ward are nominated by the Council to sit as Directors
on the Board. The role of the three local Councillors acting as Directors is
both to represent the local community and to bring their knowledge,
experience and perspective as Members of the Council to the deliberations of
the Urban Regeneration Company Board. Whilst at Board meetings, however,
the local Councillors act as Directors of the Urban Regeneration Company
and are not expected by the Council to undertake a formal liaison or
monitoring role on its behalf. Equally, they are not directly mandated by
Council in respect of decisions or votes taken at the Urban Regeneration
Company Board.

3.8 In light of the recommendations from External Audit on the need for formal
liaison arrangements between the Council and its arms length organisations,
discussions have been held with the Urban Regeneration Company about
what arrangements are appropriate to put in place. The following
recommendations were accepted by the Urban Regeneration Company
Board at its meeting on 27 January 2011.
a) A quarterly Board level meeting between the Chair, Chief Executive and an Independent Board Director of Raploch Urban Regeneration Company and the Portfolio Holder for Economy, Tourism and Finance and the Assistant Chief Executive from the Council. This meeting will provide an opportunity for formal policy discussions between the Urban Regeneration Company and the Council and operate as a forum for exploration of contentious or disputed matters. In this latter capacity in particular, the Council’s attendance may also include the relevant Portfolio Holder for the issue under discussion.

b) Bi-monthly Executive level meetings between the Urban Regeneration Company Management Team led by the Urban Regeneration Company Chief Executive and relevant members of the Council Management Team led by the Council Assistant Chief Executive. This meeting will provide the main forum for regular liaison between the two organisations, and will act as the means to support the Council in formal monitoring and governance of its relationship with the Urban Regeneration Company.

c) Operational liaison meetings as required and appropriate to supplement the Executive discussions. These will occur where a level of detailed operational discussion are required. The Executive Liaison meeting will be responsible for agreeing what those should be.

3.9 Terms of reference for each forum will be drawn up by the Executive Liaison meeting. For the Executive Liaison meeting these will include:

- Oversight of the financial budget and management reports of the Urban Regeneration Company, including the Statutory Accounts
- Oversight of the Business Plan and annual operating plans of the Urban Regeneration Company
- Scrutiny of the Urban Regeneration Company’s Annual Report
- Scrutiny of any proposals from the Urban Regeneration Company that depart from the original Business Plan, Development Agreement or other relevant agreement, including those specified as a Reserved Matter

Regular reports on the above will be made by the Assistant Chief Executive to the relevant committee of the Council as appropriate, including any formal decisions required that may arise, in line with the reporting arrangements agreed as to support implementation of the recommendations from the External Audit review of Arms Length Organisations.

3.10 In addition, to assist with communications, the Urban Regeneration Company suggested that a senior officer from the Council should attend URC Board meetings as an Observer. The Assistant Chief Executive for Sustainability, Economy & Environment has been undertaking this role since Autumn 2010. While not a member of the Board, the Assistant Chief Executive receives a full set of papers for each Board meeting and can provide information and feedback from the Council to support the Urban Regeneration Company Board in its deliberations, as well as ensuring appropriate communication within the Council as required on relevant issues.
4 POLICY/RESOURCE IMPLICATIONS AND CONSULTATIONS

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<td>Strategic Environmental Assessment</td>
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<tr>
<td>Single Outcome Agreement</td>
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**Equality Impact Assessment**

4.1 The contents of this report were considered under the Council’s Equalities Impact Assessment process and were assessed as not relevant for the purposes of Equality Impact Assessment.

**Strategic Environmental Assessment**

4.2 The contents of this report were considered under the Environmental Assessment (Scotland) Act 2005 and a Strategic Environmental Assessment is not required.

**Single Outcome Agreement**

4.3 Under Strategic Topic 2 of the Single Outcome Agreement, Stirling Council and its Community Planning partners commit to making Stirling a place with jobs and opportunities for all. The physical and social regeneration of Raploch is a specific commitment within that outcome.

**Other Policy Implications**

4.4 The recent external audit report on Arms Length Companies identified the risks associated with them. The liaison arrangements proposed in this report seek to manage that risk with regard to the Council’s interests in Raploch URC.

**Resource Implications**

4.5 Other than officer time to support the liaison arrangements, there are no direct resource implications arising as a result of this report.
4.6 In establishing the Raploch Urban Regeneration Company, the Council transferred land to the Urban Regeneration Company for development. In terms of Following the Public Pound, the Council has a responsibility to ensure that best value is secured from that transfer.

Consultations

4.7 The Board of Raploch Urban Regeneration Company have been consulted in the preparation of this report.

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<thead>
<tr>
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<td>The appropriate Portfolio Holder(s) has been consulted on this report</td>
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<tr>
<td>The Chief Executive/appropriate Assistant Chief Executive(s) has been consulted on this report</td>
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5 BACKGROUND PAPERS


5.2 Raploch Urban Regeneration Company Ltd – Constitutional Arrangements – Approval of Forth Valley College as a Member - Stirling Council 11 March 2010.

5.3 External Audit Report – Arms Length Companies - Governance and Audit Committee 7 June 2010.

6 APPENDICES

6.1 None
<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Telephone Number/E-mail</th>
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<tbody>
<tr>
<td>Rebecca Maxwell</td>
<td>Assistant Chief Executive, Sustainability Economy &amp; Environment</td>
<td>443366 <a href="mailto:maxwellr@stirling.gov.uk">maxwellr@stirling.gov.uk</a></td>
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**Approved by**

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<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Bob Jack</td>
<td>Chief Executive</td>
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**Date**

2 February 2011