

Appendix A

KLIC Independent Inquiry – Terms of Reference and Appointment of Chair

Terms of Reference for the Independent Inquiry into the partnership with NWES and its subsidiary and associated companies and those with common shareholders or directors regarding the award of and administration of the KLIC project and all aspects of their financial relationship with BKLWN,

1. Utilising the Internal Audit Report presented to Audit Committee on 11 March, the associated background evidence and papers, together with any further information subsequently prepared for and presented to the Audit Committee Cross Party Working Group as source documentation, together with any further information/evidence gathered on behalf of the Inquiry Panel, undertake a review of the precise nature of the Partnership between the NWES LTD and BCKLWN

2. Identify whether and if so to what extent, the partnership extended to other companies (and if so which companies) within the NWES 'group', assess and report upon the impact/implications of this/these arrangements.

3. Identify whether, and if so to what extent, the partnership arrangements encompassed other companies outside the NWES group of companies where common shareholders and/or directors can be identified. Assess and report upon the impact/implications of any such arrangements

4. Consider and comment upon the administration of the KLIC project in terms of:-

- Procurement of professional team and construction company
- Administration/management of the build phase
- Subsequent operation and management of the KLIC building

Consider and report on the financial arrangements established between NWES and the BCKLWN and in particular the loan of £2,500,000 and subsequent loan of £250,000, the arrangements to secure the loan in the event of any repayment default, the due diligence conducted prior to the agreement of each loan, and the subsequent monitoring of the financial robustness of the NWES group of companies.

5. Consider and report on the member involvement in the establishment, approval, oversight and scrutiny of the arrangement between NWES and the BKLWN with regards to all aspects of the KLIC project.

6. Consider the 'lessons learned' set out in the Internal Audit Committee Task Group and make further recommendations as considered appropriate.

7. Consider the arrangements for the development, management and monitoring of large scale capital projects now adopted and utilised at the Borough Council and make appropriate recommendations for any further steps considered necessary, in terms of both the Officer arrangements and member oversight and determination.

8. In the context of the Council's Capital Strategy and Risk Management Strategy consider the Council's arrangement for the identification, management and mitigation of risk in relation to large scale capital projects and make recommendations as appropriate for enhancements.