

BOROUGH OF REIGATE AND BANSTEAD

COUNCIL MEETING 24th JULY 2014

ADDENDUM TO AGENDA

Agenda Item 7

RECOMMENDATIONS OF THE EXECUTIVE

To receive and consider the Recommendations of the Executive from its meeting on 17 July 2014 (attached).

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PROVISIONAL OUTTURN REPORT FOR THE 2013/14 FINANCIAL YEAR

The Leader of the Council introduced a report on the Council's financial performance in 2013/14. The report set out the 2013/14 provisional outturn for revenue (£844,000 underspend) and capital (£2,966,000 underspend), identified and explained key variances, and proposed changes to the levels of the Council's reserves. It also set out the Treasury Management performance for 2013/14.

The figures had not been audited yet but no significant changes were expected.

Despite the on-going austerity programme, the Council's finances remained robust. While the capital programme had underspent, the level of that underspend was not abnormal and the majority of projects had progressed well. Unspent budget that was not required in the future remained in the Council's capital reserves.

With regard to the revenue underspend, the main variances had been predicted early in the year and were allowed to generate a surplus to finance other proposals as set out in the report. The principal reasons for the underspend, and its proposed use, was set out in the report.

Given the ongoing reductions in grant support from the Government and the need to resource the Corporate Plan appropriately, it was deemed vital that the Council continue on the journey to achieving a sustainable budget.

The Overview and Scrutiny Committee had considered the Outturn report at its meeting on 26 June. The Leader thanked the Committee for its questions and for the positive comments about the Council's financial performance.

RESOLVED that:

- (i) the Provisional Outturn position for 2013/14 be noted;
- (ii) the use of resources proposed in paragraph 10 be endorsed and the Chief Finance Officer be authorised to make the necessary arrangements;
- (iii) the Deputy Chief Executive be authorised, in consultation with the Portfolio Holder for Housing and Welfare, to approve the use of the Families Support Programme Reserve;

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- (iv) the Business & Community Engagement Manager be authorised, in consultation with the Portfolio Holder for Economy and Jobs, to approve the use of the High Street Innovation Fund Reserve;
- (v) the Business & Community Engagement Manager be authorised, in consultation with the Portfolio Holder for Economy and Jobs, to approve the use of the Business Support Scheme Reserve; and
- (vi) the Annual Treasury Report be noted.

RECOMMENDED that the specific reserves proposed in paragraphs 13 to 17 be established to properly account for new funding streams.

Reasons for decision:

To advise Members of the revenue and capital expenditure for 2013/14, to seek authorisation for the proposed changes to reserves and to comply with the Council's reporting requirements in relation to Treasury Management activity.

Alternative option:

To reject or amend the proposal to use the underspend and establish reserves as set out in paragraphs 11 to 17.

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ACQUISITION OF THE LEASEHOLD INTEREST OF LINDEN HOUSE, 51 HIGH STREET, REIGATE

The Executive received a report which sought authority to acquire the Long Head Leasehold interest in 51 High Street, Reigate. The Head Leasehold Interest had been subject to a bidding process, in which the Council had submitted the highest bid. Full details of the Council's bid and purchase conditions were in the Part 2 report.

The Council currently owned the freehold of 51 High Street, Reigate, having granted a long leasehold interest in the property in 1973. The Property occupied a prime retail pitch within the town.

If the leasehold interest was acquired and merged with the Council's existing freehold interest, the Council would benefit from an increase in value beyond the existing freehold value and the head leasehold value when considered separately. The leasehold interest would benefit from projected rental growth within the next two year period through a fixed rental increase and a rent review.

This purchase would provide both an important and significant

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revenue stream and increase the value of the existing Council property asset base.

This proposal had not been included in the published 28 Day Notices for both public and private business for this meeting of the Executive. In the circumstances the Chairman of the Overview and Scrutiny Committee had been informed and agreed that this matter be brought to the Executive on the basis of the urgency reasons listed below.

The Executive also noted that the Mayor had approved, under the same urgency grounds, that the Call-In procedure (as provided for under the Overview and Scrutiny Procedure Rule 15.5) be disapplied.

RESOLVED that, subject to acceptable building survey, title and environmental survey, the Property Services Manager be authorised, in consultation with the Deputy Chief Executive and Executive Members for Property & Regeneration and Finance, to acquire the Lease for 51 High Street, Reigate.

RECOMMENDED that the acquisition of the leasehold interest, the value of which is set out in in paragraph 4 of the exempt report, be funded from the Council's capital reserves.

Reasons for decision:

- (i) The Council had been bidding against 3 other individuals for the leasehold interest in Linden House, 51 High Street, Reigate. Following the first round of bids (which closed at midday on Friday 27th June) two parties (including ourselves) were invited to submit best bids by midday 1 July 2014.
- (ii) The Council was notified on 1 July that its bid had been successful, subject to a strict timetable being adhered to regarding exchange of contracts within 21 days of receipt of heads of terms. Heads of terms were expected to be received by Friday 4th July at the latest. This timetable required the Council to be in a position to exchange contracts by Friday 25th July 2014.
- (iii) In the circumstances the Executive was requested to consider this matter urgently so that consideration could be given to the proposed purchase and to make a recommendation to Full Council on 24 July 2014.
- (iv) A delay of this matter to the September meeting of the Executive would not allow the purchase timetable to be

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adhered to and the opportunity would be lost.

Alternative option: To withdraw the offer and not proceed with the acquisition.