

BOROUGH OF REIGATE AND BANSTEAD

COUNCIL MEETING 29th JUNE 2017

ADDENDUM TO AGENDA

Agenda Item 5

RECOMMENDATIONS FROM THE EXECUTIVE

The report on the Recommendations of the Executive from its meeting on 22 June 2017 is attached.

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RECOMMENDATIONS OF THE EXECUTIVE

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ACQUISITION OF FREEHOLD REDHILL

Councillor Mrs N.J. Bramhall, Executive Member for Property and Acquisitions informed the Executive that as part of the Council's ongoing property investment and development strategy, as set out in the 5 Year Plan, the Council was considering acquiring an office building in Redhill as an investment opportunity.

It was noted that Heads of Terms had been agreed subject to Executive and Full Council approval. Given the short notice, as was common place in the property market, the report had been brought urgently to this meeting. To ensure that the acquisition was included in the Council's Capital Programme it was subject to Full Council approval.

The Executive noted that the proposed property acquisition was an attractive office investment that was anticipated to provide an estimated initial return of 6.47% pa for the Council. There were further asset management opportunities in the building which might produce additional revenue. The income stream from this purchase would be used to support the Council's Service and Financial Planning activities.

The due diligence activities were proceeding and subject to the result of those being satisfactory it was anticipated that completion of the purchase would be on the 30th June 2017.

The Executive noted that, as the matter was a Key Decision it should have been identified on the published 28 Day Notice by the Council. Due to the strict bidding timetable this had not been possible. The Chairman of the Overview and Scrutiny Committee had therefore been consulted in accordance with the Access to Information Rules in the Constitution.

Additionally as the acquisition must proceed quickly to achieve the vendor's timetable the Mayor had approved the disapplication of the Call-In procedure and had agreed that an Extraordinary meeting of Full Council be arranged for 29 June 2017 to consider the Executive's recommendations.

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RECOMMENDED that the purchase and funding for the acquisition of the Freehold interest of the property in Redhill as detailed in the part 2 report to the Executive be approved (noting it was subject to a number of occupational interests).

RESOLVED that the Head of Property and Head of Finance, be authorised, in consultation with the Executive Members for Property and Acquisitions and Finance to acquire the Freehold referred to in the report to the Executive (part 2 section).

Reasons for decision: To proceed with this property acquisition to support the Council's 5 Year Plan objectives to become financially self sufficient.

Alternative options: Investigate alternative property acquisitions or do nothing.

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AMENDMENT TO CAPITAL PROGRAMME

Councillor T. Schofield, Executive Member for Finance, reminded the Executive that the Council had set out in its 5 Year Plan and Treasury Management Strategy the need to become financially self-sufficient from 2020.

A key part of that strategy was to utilise the Council's capital and assets to generate revenue income to support front line services.

In April and February 2017 respectively the Council approved the Treasury Management Strategy and Capital Programme for 2017/18 and beyond. This included the provision to maximise borrowing at £80m and provided for £40m to be set against specific long term property investments.

The Executive Member emphasised that the purpose of this report was therefore to provide greater flexibility to enable the Council to use the approved capital and borrowing to respond to investment opportunities. The report had been brought to the Executive as a matter of urgency following the identification of the investment opportunity detailed above.

The proposed amendments, as set out in paragraphs 14 and 15 of the Executive's report would ensure that the Council had flexibility to respond swiftly to opportunities and secure the best deal for the Council and taxpayer.

The Executive noted that key decisions to be considered by the Executive should be included in a 28 Day Notice indicating the business that was to be transacted in public and private meetings of the Executive.

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As this matter had only recently been identified the proposed business was not included in the published 28 Day Notices of business for this meeting of the Executive. As required by the regulations, the Chairman of the Overview and Scrutiny Committee had been consulted about this matter being brought forward to the Executive for the following reasons of urgency:

- The Treasury Management Strategy and Capital Programme were approved by Council in April and February. The property schemes identified within that programme had changed in response to property investment opportunities and there was a need to adjust the Council's Capital Programme to comply with the Council's financial procedures;
- The Property Investment elements of the Capital Programme needed to be clarified so that there was no delay on the delivery of the projects; and
- To obviate a delay to the schemes identified Full Council be requested to update the Capital Programme without delay at an Extraordinary meeting on 29 June 2017.

Following Member requests for clarification on the wording of the recommendation it was

RECOMMENDED that the Capital Programme be amended (in relation to the portfolio of property investments to incorporate Loans and Transfers to Property Companies, other investments and the investment in Marketfield Way) as set out in paragraph 14 of the report and that the supporting amended borrowing requirements as detailed in paragraph 15 of the Executive's report be approved.

Reasons for decision: To ensure that the Council was able to respond flexibly to commercial opportunities in the property market to deliver the Capital Programme.

Alternative options: To not amend the Capital Programme.