

## **BOROUGH OF REIGATE AND BANSTEAD**

### **EXECUTIVE**

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 30 May 2019 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), R. H. Ashford, N. J. Bramhall, A. C. J. Horwood, T. Schofield (Deputy Leader), T. Archer, R. Biggs and V. H. Lewanski.

Also present: Councillors R. Absalom, J. C. S. Essex, N. D. Harrison, S. A. Kulka, K. Sachdeva and C. T. H. Whinney.

#### **1. MINUTES**

**RESOLVED** that the minutes of the Executive meeting held on 18 April 2019 be approved as a correct record and signed.

#### **2. APOLOGIES FOR ABSENCE**

**Executive Members:** Councillor E. Humphreys and Councillor G.J. Knight.

**Non-Executive Members:** Councillor M.S. Blacker.

#### **3. DECLARATIONS OF INTEREST**

Councillor Mrs N.J. Bramhall declared a non pecuniary interest in Items 6a and 11a – Acquisition of freehold land in Horley in respect of her capacity as a Portfolio Holder position on Surrey County Council.

Councillor V.H. Lewanski declared a pecuniary interest in Items 6a and 11a – Acquisition of freehold land in Horley in respect of his declared shareholding in Taylor Wimpey.

Councillor N.D. Harrison declared a non pecuniary interest in Items 6a and 11a – Acquisition of freehold land in Horley in respect of his capacity as a Member of Surrey County Council.

#### **4. COMMERCIAL GOVERNANCE: CHANGES TO EXECUTIVE SUB-COMMITTEES**

The Leader of the Council, Councillor M.A. Brunt introduced the report as presented to the Executive, which included a number of changes to Executive sub-committees and associated delegations to update the Council's commercial governance arrangements.

The Leader referred to the work of the Commercial Governance Task Group, chaired by former Councillor J.M. Ellacott, that reported its findings to the Executive in March 2019. This report had been prepared to provide the framework for the

implementation of the Task Group's recommendations that had been adopted by the Executive. One of the recommendations had been to establish a new Commercial Ventures Executive Sub-Committee to monitor and take decisions upon the Council's commercial ventures, in accordance with the Commercial Governance Framework established.

It was noted that the previous Executive sub-committees were proposed to be disbanded and their work absorbed into the new coordinated approach.

The report also recommended associated delegations, to support the approach to investments and commercial ventures. These allowed the Council to respond to unexpected circumstances in a timely manner, and to investigate potential investment opportunities. Decisions taken using these delegations would be reported to the Sub-Committee.

In response to Member questions the Leader confirmed that the delegations had been proposed to respond to prevailing circumstances without delay and that the key principles set out in the Governance Framework would apply including the use of the checklist. There would be clear transparency and record keeping of all decisions. It was also confirmed that the delegation levels could be reviewed in the future as required to ensure that they had been set at the right level. With that in mind the Leader indicated the importance of the Overview and Scrutiny Committee in reviewing the performance of the Council's commercial governance activities including whether the Framework's key principles were being applied as intended.

The Leader, in response to further questions, confirmed that the delegations taken by the Director would be reported to the next available meeting of the Sub Committee, which was expected to meet on a monthly basis, with additional meetings if required.

**RECOMMENDED that:**

- (i). **a Property and Investment Contingency Fund be established, with a value of £1.0m, funded within the £25m that has been allocated in the approved Capital Programme 2019/2024 for investment in new capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy, and that principle (vii) should be added to Article 14.3.3 of the Constitution, with the following wording:**

**(vii) decisions on the use of resources from the Property and Investment Contingency Fund of a value of more than £500,000 should be regarded as significant, superseding principles (i) and (iii) for such decisions.**

- (ii). **the Director of Finance and Organisation be authorised to approve the use of resources from the Property and Investment Contingency Fund for commercial investments in cases where this is judged to be necessary to mitigate the risk of the Council incurring significant financial or reputational costs, in consultation with the Leader, the Chair of the Commercial Ventures Executive Sub-Committee and Executive Member(s) with responsibility for investments and property matters, and that the Officer Scheme of**

**Delegation be updated accordingly.**

- (iii). **the Director of Finance and Organisation be authorised to approve the use of resources from the Property and Investment Contingency Fund for other capital investments in cases where this is judged to be necessary to mitigate the risk of the Council incurring significant financial or reputational costs, in consultation with the Leader, the Chair of the Commercial Ventures Executive Sub-Committee and Executive Member(s) with responsibility for investments and property matters, and that the Officer Scheme of Delegation be updated accordingly.**

**RESOLVED** that:

- (i). the Property Executive Sub-Committee be dissolved;
- (ii). the Health and Wellbeing Executive Sub-Committee be dissolved;
- (iii). the powers previously delegated to the Property Executive Sub-Committee and Health and Wellbeing Executive Sub-Committee revert to the Executive, unless otherwise specified in the following recommendations;
- (iv). a Commercial Ventures Executive Sub-Committee be established, with the remit and terms of reference as set out at Annex 1 to the Executive's report;
- (v). the shareholder function of the Council, with regard to Greensand Holdings Ltd, be delegated to the Commercial Ventures Executive Sub-Committee;
- (vi). the shareholder function of the Council, with regard to Pathway for Care Ltd, be delegated to the Commercial Ventures Executive Sub-Committee;
- (vii). the shareholder function of the Council, with regard to RBBC Ltd, be delegated to the Commercial Ventures Executive Sub-Committee;
- (viii). the partnership function of the Council, with regard to Horley Business Park Development LLP, be delegated to the Commercial Ventures Executive Sub-Committee;
- (ix). the Commercial Ventures Executive Sub-Committee be authorised to agree the incorporation and the proposal of winding up of companies, subject to relevant shareholder agreements, by the Council, to be conducted in accordance with the requirements of the Commercial Governance Framework, as set out in the terms of references of the Executive Sub-Committee;
- (x). the Commercial Ventures Executive Sub-Committee be authorised to agree the following arrangements as part of the establishment of companies by the Council, and in relation to companies, other commercial entities and partnerships thus established to the Council:

- the Articles of Association for the entity
  - the Shareholder Agreement between the entity and the Council, including the initial Business Plan
  - the appointment of Directors of the company, including Non-Executive Directors
  - any Director Service Agreements
  - the appointment of a Company Secretary and Auditor.
- (xi). the Commercial Ventures Executive Sub-Committee be authorised to undertake the shareholder function of the Council with regard to future companies established by the Council;
- (xii). the Commercial Ventures Executive Sub-Committee be authorised to agree write-off of debts owed by Companies established by the Council to the Council, in consultation with all Executive Members;
- (xiii). the Commercial Ventures Executive Sub-Committee be authorised to agree Resourcing Agreements for commercial ventures established by, and being established by, the Council to use Council staff and facilities in furtherance of their business;
- (xiv). the Commercial Ventures Executive Sub-Committee be authorised to agree all matters in relation to the following, in line with the priorities in the Council's Capital Investment Strategy:
- Loan, Grant, and Draw Down agreements with regard to commercial ventures established by, and being established by, the Council
  - Investment in properties
  - Other capital investments
  - Performance of investments

These matters to be agreed within a total limit of £25.0m for 2019/20, as allocated in the approved Capital Programme for 2019/2024 for investment in new capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy, and henceforth in subsequent financial years within limits to be set and reviewed each year during the service and financial planning process, as subject to approval by Executive and Full Council.

- (xv). the Director of Finance and Organisation be authorised to agree, in consultation with members of the Commercial Ventures Executive Sub-Committee, spending on feasibility studies of potential commercial and investment opportunities, having regard to the Commercial Governance Framework which forms appendix 1 to the

terms of reference of the Executive Sub-Committee. These matters to be agreed within a total limit of £250k for 2019/20, funded within the approved 2019/20 revenue budget, and henceforth within subsequent financial years within limits to be set and reviewed each year during the service and financial planning process, as subject to approval by Executive and Full Council;

- (xvi). all decisions of the Director of Finance and Organisation making determination on the use of resources from the Property and Investment Contingency Fund shall be reported to the Commercial Ventures Executive Sub-Committee at the next meeting where it is practical to do so;
- (xvii). the Constitution be updated by the Monitoring Officer to reflect the dissolution of the Property Executive Sub-Committee and the Health and Wellbeing Executive Sub-Committee, as an administrative update; and
- (xviii). the Constitution be updated by the Monitoring Officer to reflect the establishment of the Commercial Ventures Executive Sub-Committee and its agreed terms of reference as an administrative update.

**Reason for decision:**

The establishment of a Commercial Ventures Executive Sub-Committee will support the effective and efficient administration of the Council's commercial ventures and investments, in accordance with the Commercial Governance Framework adopted by the Council, following the Executive meeting of 18 March 2019 and following the recommendations of the Commercial Governance Review Member Task Group.

The Commercial Ventures Executive Sub-Committee will conduct all business which would previously have been conducted by the Property Executive Sub-Committee and the Health and Wellbeing Executive Sub-Committee. These Executive Sub-Committees are therefore no longer required.

The accompanying recommendations will support the effective decision making of the Executive Sub-Committee and implementation of decisions made, by allowing for supporting actions to be taken, within clearly defined limits to be set out each year.

**Alternative options:**

Make no changes to Executive Sub-Committees and the Council's commercial governance arrangements.

Request that alternative changes to the Council's commercial governance arrangements and/or Executive Sub-Committees and associated delegations be investigated.

**5. APPOINTMENT TO THE BOARD OF THE BANSTEAD COMMON CONSERVATORS**

Councillor Mrs N.J. Bramhall, Executive Member for Neighbourhood Services reported on the outcome of the nomination process for the annual appointment of representatives to serve on the Banstead Commons Conservators.

It was noted that there were three vacancies to be determined for three year periods. Two of the vacancies had arisen from the expiry of the term of office and the resignation of former Councillor Curry resulted in the third vacancy.

Dr Peacock (currently the Chair of the Board) had indicated that he would like to be considered for a further term of office. The Executive noted that Councillor N. Moses had been nominated together with Dr Bellenger.

The details of the non-Councillor nominations were provided to the Executive in the Exempt section of the Executive's agenda. It was noted that the background information provided in the exempt part of the report should be included in the public section of the report in future.

**RESOLVED** that the following representatives be appointed to serve on the Banstead Commons Conservators for a three year period to May 2022:

- Dr J.H. Peacock
- Dr W.S. Bellenger
- Councillor Nadean Moses

**Reason for decision:**

To ensure that positions on the Board of the Banstead Commons Conservators are suitably filled.

**Alternative options:**

To decide which nominees to appoint or ask officers to seek new nominations.

## **6. PROPERTY ACQUISITIONS**

It was noted that there was one property acquisition proposed, the acquisition of a freehold in Horley as set out below.

### **6.1 Acquisition of Freehold in Horley**

The Leader of the Council, Councillor M.A. Brunt presented a report that sought authority to acquire a parcel of land near Horley as a strategic investment. It was accompanied with further information set out in the Exempt part of the Executive's agenda that contained commercially sensitive details for the proposed acquisition.

The Leader emphasised that the opportunity to bid for this land had emerged unexpectedly. As a result the Leader apologised for the late publication of the reports that were presented in an addendum to the Executive's agenda. However the Leader assured the Executive that the report provided the latest available information and that he and relevant portfolio holders had been consulted in advance on the proposals.

It was noted that the land acquisition opportunity supported future benefits in the local area and presented a potential investment that could provide a future financial return to the Council and support the delivery of wider services.

As a potential strategic investment, the land acquisition was recognised as one with long term benefits and returns, which was recognised as not without risk, but were considered to be appropriate in relation to the potential future benefits. The Executive were asked to make a judgement on the balance of the proposals based on further detailed risk considerations that had been provided in the exempt section of the Executive's agenda.

Clerk's note – At this point in the meeting agenda item 6a (Acquisition of Freehold in Horley) was adjourned so that the exempt information, agenda item 11a (Exempt Business) could be considered ahead of making a decision.

Clerk's note – The minutes of the meeting reflect the order of business listed on the published agenda, not the order taken during the meeting.

During the exempt discussion, a number of issues were considered, including:

- Information on the land valuation, land conditions, location, timetable, demand and financial implications for the proposed acquisition;
- Process for evaluating the due diligence information including modelling exercises and surveys being conducted;
- Ongoing negotiations and potential benefits regarding the proposed acquisition; and
- An assessment of the risks, alternatives, return on investment and possible exit arrangements.

On conclusion of agenda item 11a the Executive returned to agenda item 6a and

**RESOLVED** that subject to a satisfactory due diligence, the Head of Legal and Governance, in consultation with the Head of Finance & Assets, Leader of the Council, and Executive Members with responsibility for Place & Economic Prosperity, Finance, and Investment & Companies, be authorised to:

- a. acquire the freehold land in Horley, as referred to in the part 2 section of the Executive's report, as a strategic investment to support the delivery of the Council's Corporate Plan objectives, and to finalise the Heads of Terms and associated agreements to support the acquisition, in line with the principles and financial requirements of the report.

- b. To fund the acquisition and supporting costs from the funding allocated within the approved Capital Programme for 2019/2024 for investment in capital schemes to support delivery of the Corporate Plan, Housing Strategy and Investment Strategy, as set out in paragraphs 8 and 9 of the part 2 section of the report to the Executive.

**Reason for decision:**

To obtain Executive authority to acquire, subject to due diligence, the specified freehold of land in Horley, which will support the delivery of the Council's Corporate Plan objectives and provide the potential to generate additional income for the Council.

**Alternative options:**

Investigate alternative models for acquisition of the freehold land or to do nothing.

**Note:** Councillor V. Lewanski left the room for the consideration of the report.

**7. STATEMENTS**

None.

**8. ANY OTHER URGENT BUSINESS**

None.

**9. EXEMPT BUSINESS**

**RESOLVED** that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**10. APPOINTMENTS TO THE BOARD OF THE BANSTEAD COMMON CONSERVATORS (EXEMPT)**

**RESOLVED** that the exempt information in relation to the appointment of representatives to be appointed to the Board of the Banstead Commons Conservators be noted.

**11. PROPERTY ACQUISITIONS (EXEMPT)**

It was noted that there was one property acquisition proposed, the acquisition of a freehold in Horley as set out below.

**11.1 Acquisition of Freehold in Horley (Exempt)**

**RESOLVED** that the exempt information in relation to the acquisition of freehold in Horley be noted.

The Meeting closed at 8.49 pm