

# Commercial Ventures Executive Sub- Committee Agenda

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26 November 2019

## To the Members of the **COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE**

<b>Councillors:</b>	T. Archer	Portfolio Holder for Investment and Companies
	T. Schofield	Deputy Leader and Portfolio Holder for Finance
	M. A. Brunt	Leader of the Council
	V. H. Lewanski	Portfolio Holder for Corporate Direction and Governance

For a meeting of the **COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE** to be held on **THURSDAY, 5 DECEMBER 2019** at **6.30 pm** or on the rising of the Commercial Ventures Executive Sub-Committee, if later, in the Executive Meeting Room - Town Hall.

John Jory  
Chief Executive

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Notice is given of the Executive's intention to hold part of its meeting on Thursday, 5 December 2019 in private for consideration of reports containing "exempt" information

1. **MINUTES** (Pages 7 - 12)

To confirm as a correct record the Minutes of the Commercial Ventures Executive Sub-Committee held on 7 November 2019.

2. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest.

4. **PROJECT BASEBALL** (Pages 13 - 16)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider proposals in relation to Project Baseball.

5. **SHAREHOLDER ACTIONS - 5 DEC 2019**

**Executive Member: Portfolio Holder for Investment and Companies**

To undertake actions on behalf of the Council with regard to shareholder / partnership functions for Greensand Holdings Limited; Horley Business Park Development LLP; RBBC Limited; and Pathway for Care Limited.

6. **INVESTMENT OPPORTUNITIES - 5 DEC 2019**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any investment opportunities.

7. **PROPERTY ACQUISITIONS AND DISPOSALS - 5 DEC 2019**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any property acquisitions and disposals.

8. **LOANS, GRANTS AND DRAW DOWN AGREEMENTS - 5 DEC 2019**

**Executive Member: Portfolio Holder for Investment and Companies**

To review loans, grants or draw down agreements position statement.

9. **ANY OTHER URGENT BUSINESS**

To consider any item(s) which, in the opinion of the Chair, should be considered as a matter of urgency – Local Government Act 1972, Section 100B(4)(b).

Note: Urgent business must be submitted in writing but may be supplemented by an oral report.

10. **EXEMPT BUSINESS**

RECOMMENDED 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.

11. **PROJECT BASEBALL (EXEMPT)**

(Pages 17 - 34)

**Executive Member: Portfolio Holder for Investment and Companies**

To consider exempt information in relation to Project Baseball.

12. **SHAREHOLDER ACTIONS - 5 DEC 2019 (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to shareholder actions.

13. **INVESTMENT OPPORTUNITIES - 5 DEC 2019 (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to investment opportunities.

14. **PROPERTY ACQUISITIONS AND DISPOSALS - 5 DEC 2019 (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to property acquisitions and disposals.

15. **LOANS, GRANTS AND DRAW DOWN AGREEMENTS - 5 DEC 2019 (EXEMPT)**

**Executive Member: Portfolio Holder for Investment and Companies**

To consider any exempt information in relation to loans, grants and drawn down agreements.

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# Agenda Item 1

Commercial Ventures Executive Sub-Committee  
7 November 2019

Minutes

## BOROUGH OF REIGATE AND BANSTEAD

### COMMERCIAL VENTURES EXECUTIVE SUB-COMMITTEE

Minutes of a meeting of the Commercial Ventures Executive Sub-Committee held at the Executive Meeting Room - Town Hall on 7 November 2019 at 6.30 pm.

Present: Councillors T. Archer (Chairman), T. Schofield (Vice-Chair), M. A. Brunt (Leader) and V. H. Lewanski.

Also present: Councillors N. D. Harrison.

#### 31. MINUTES

**RESOLVED** that the minutes of the Commercial Ventures Executive Sub-Committee meeting held on 5 September 2019 be approved as a correct record.

#### 32. APOLOGIES FOR ABSENCE

Apologies for lateness were received from Councillor T Archer.

*Clerk's Note: Councillor M A Brunt, Vice Chair of the Commercial Ventures Executive Sub-Committee, took the Chair for the meeting.*

#### 33. DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 34. CREATION OF A HOUSING ASSOCIATION

Councillor M A Brunt, the Leader of the Council, introduced the Creation of a Housing Association report. It was recommended that the Head of Legal and Governance be authorised to establish a Community Benefit Society for the purpose of becoming a housing association, and to take the necessary steps to establish appropriate structures around the Community Benefit Society.

As set out in the report, establishing this Community Benefit Society ('CBS') would enable the CBS to help to secure the quality of tenancy for a number of residents in supported living, who were supported by Pathway for Care, in which the Council was a shareholder. The CBS would also provide the potential to consider future related opportunities around housing provision.

The report identified that the business case for the CBS was sound and additional information was available in the exempt report in the Part 2 section of the agenda.

The recommended actions were to establish the CBS and take the necessary steps to establish it as an arm's length company through an appropriate company structure. Establishing the CBS would enable the Council to support the ongoing supported living work of Pathway for Care, and provide opportunities for additional housing work in the longer term.

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**RESOLVED** that

- (i) the Head of Legal and Governance be authorised to complete and file the necessary paperwork to establish a CBS for the purpose of becoming a housing association; and
- (ii) the Head of Legal and Governance be authorised to take the necessary steps to establish the CBS as an arm's length company through an appropriate company structure in consultation with the Members of the Commercial Ventures Executive Sub-Committee.

**Reason for decision:** It enables the Council to support the on-going work of Pathway Care Limited in the short-term and to support the housing work of the Council in the longer term against the back drop of ensuring good governance for all commercial related activities.

**Alternative option:** establish a CBS directly held by the Council or not establish a CBS.

## 35. ACQUISITION OF PROPERTY IN REDHILL EAST

Councillor M A Brunt introduced the report and explained that it set out the proposed acquisition of a number of properties in Redhill East with additional information set out in the accompanying confidential report in the exempt Part 2 section of this agenda.

The proposed acquisition would provide an opportunity to support the provision of housing in the borough, and allow for the potential to generate income for the Council, and thereby support the Council's other services. It was reported that, having considered the potential acquisition in consultation with the other Members of the Sub-Committee, the balance of the potential benefit against the cost and potential risks, it was considered that there were better alternatives available to achieve the CVESC's objectives.

**RESOLVED** that the acquisition of the leasehold of the properties and associated delegations and use of funding were not authorised.

**Reason for decision:** The proposed acquisition did not provide sufficient benefit in relation to the associated cost and potential risks.

**Alternative options:** Subject to satisfactory due diligence, the Head of Legal and Governance, in consultation with the Head of Finance & Assets, Members of the Commercial Ventures Executive Sub-committee plus the Executive Member with responsibility for Housing & Benefits, be authorised to (a) acquire the leasehold of the properties in Redhill East, as detailed in the exempt report set out in the Part 2 section of this agenda, and to finalise and agree all associated agreements to support the acquisition, in line with the principles and financial requirements of this report and the accompanying exempt report; and (b) to fund the acquisition and supporting costs from the funding allocated within the approved Capital Programme for 2019/20 to 2023/24 for investment in capital schemes to support delivery of the Corporate Plan, Housing Delivery Strategy and Investment Strategy, as detailed in the exempt report set out in the Part 2 section of this agenda.



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## 36. COMPANIES PERFORMANCE UPDATE, AUTUMN 2019

Councillor M A Brunt introduced the report which provided an update on the performance of companies owned by the Council. Updates were also provided on a 6 monthly basis to the Overview & Scrutiny Committee to support the good governance of the Council's investments. This update report had been considered by the Overview & Scrutiny Committee on 17 October 2019 and the CVESC noted the observations and points raised by the Overview & Scrutiny Committee as set out in its minutes.

As set out in the report, the companies were considered to either be performing in line with the Council's objectives, or to be on target to do so once work currently in progress was complete.

Councillor Brunt confirmed that as the CVESC continued to move forward with developing and progressing the Council's commercial approach to help support the Council's other services, it would continue to monitor the performance of the companies and other Council investments to ensure that they secured the best value possible for the Council and its residents.

**RESOLVED** that the 17 October 2019 Companies Performance Update, as set out in this report, and the observations from the Overview and Scrutiny Committee from its meeting of 17 October 2019 be noted.

**Reason for decision:** It will support the good governance of the Council's companies.

**Alternative options:** To request additional information on the performance of the companies owned, or part-owned, by the Council.

**Clerk's Note:** *Councillor Archer arrived at the end of item 6.*

## 37. SHAREHOLDER ACTIONS

### 37.1 Greensand Holdings Limited Shareholder Consent Matter

Councillor M A Brunt introduced the report. It was recommended that, as shareholder representative, the Commercial Ventures Executive Sub-Committee approve and sign the shareholder resolution increasing Greensand Holdings Limited's borrowing limit which was required to be increased following the Executive approving, on 19 September 2019, a loan of funds to the Company.

**RESOLVED** that the increase in Greensand Holdings Limited borrowing limit be approved by signing the shareholder written resolution, as set out in the accompanying exempt report in the Part 2 section of this agenda.

**Reason for decision:** Approving and signing the shareholder written resolution supports the good governance of the Council-owned company by complying with the requirements of the Shareholder Agreement between the Council and the Company.

**Alternative options:** To not approve the increase in the borrowing limit by

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not signing the shareholder written resolution.

## **38. INVESTMENT OPPORTUNITIES**

There were no items to be considered.

## **39. PROPERTY ACQUISITIONS AND DISPOSALS**

There were no items to be considered.

## **40. LOANS, GRANTS AND DRAW DOWN AGREEMENTS**

There were no items to be considered.

## **41. ANY OTHER URGENT BUSINESS**

None.

## **42. 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.

## **43. CREATION OF A HOUSING ASSOCIATION (EXEMPT)**

**RESOLVED** that the exempt information in relation to the Creation of a Housing Association report be noted.

## **44. ACQUISITION OF PROPERTY IN REDHILL EAST (EXEMPT)**

The exempt information regarding the acquisition of property in Redhill East was noted.

## **45. COMPANIES PERFORMANCE UPDATE, AUTUMN 2019 (EXEMPT)**

**RESOLVED** that the exempt information in relation to the Companies Performance Update report be noted.

## **46. SHAREHOLDER ACTIONS (EXEMPT)**

### **46.1 Greensand Holdings Limited Shareholder Consent Matter (Exempt)**

**RESOLVED** that the exempt information in relation to the Greensand Holdings Limited Shareholder Consent Matter report be noted.

## **47. INVESTMENT OPPORTUNITIES (EXEMPT)**

There was no exempt business to be considered under this agenda item.

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**48. PROPERTY ACQUISITIONS AND DISPOSALS (EXEMPT)**

There was no exempt business to be considered under this agenda item.

**49. LOANS, GRANTS AND DRAW DOWN AGREEMENTS (EXEMPT)**

There was no exempt business to be considered under this agenda item.

The Meeting closed at 1852

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# Agenda Item 4



<b>SIGNED OFF BY</b>	Director of Place
<b>AUTHOR</b>	Mark Jolley, Greenspaces Business & Development Manager
<b>TELEPHONE</b>	Tel: 01737 276258
<b>EMAIL</b>	Mark.Jolley@reigate-banstead.gov.uk
<b>TO</b>	Commercial Ventures Executive Sub-Committee
<b>DATE</b>	Thursday, 5 December 2019
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Investment and Companies

<b>KEY DECISION REQUIRED</b>	Yes
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT</b>	Project Baseball, December 2019
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<b>RECOMMENDATIONS</b>
<p>1. That the Director of Place, in consultation with the Head of Legal and Governance, the Head of Finance &amp; Assets, the Chair of the Commercial Ventures Executive Sub-Committee and the Executive Members for Place &amp; Economic Prosperity, Finance and Neighbourhood Services, be authorised:</p> <ul style="list-style-type: none"> <li>a) To proceed with the next planned activities associated with the identified opportunity, as referred to in the Part 2 section of this agenda, as a strategic project to support the delivery of the Council's Corporate Plan objectives.</li> <li>b) To fund the pursuance of the planned activities from the Corporate Plan Delivery Fund in order to support delivery of the Corporate Plan and Investment Strategy, as set out in the Part 2 section of this agenda.</li> </ul>
<b>REASONS FOR RECOMMENDATIONS</b>
To obtain authority to proceed with the next proposed activities and the associated budget to support the identified project. This will support the Council's Corporate Plan objectives as set out in the exempt Part 2 section of this agenda.
<b>EXECUTIVE SUMMARY</b>

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This report seeks authority to proceed with the project. It is considered that the opportunity as a strategic project will support the delivery of the Council's Corporate Plan objectives through its future potential use, and offers the potential to generate income for the Council.

As a strategic project, the opportunity is not without risk, and it is possible that the full extent of the identified potential benefits may not be realised. In taking this decision, Executive Members should take account of the possible risks and potential benefits and make a judgement on the appropriate considerations.

Details of the opportunity, the financial and risk implications, and the Council's proposed approach are set out in the exempt Part 2 section of this agenda. This information is exempt on the grounds that it relates to the financial and business affairs of the Council, and the public interest in maintaining the exemption is judged to outweigh the public interest in disclosing the information.

**The Commercial Ventures Executive Sub-Committee has authority to approve the above recommendations.**

## STATUTORY POWERS

1. Section 2 of the Local Government Act 2000 gives Local Authorities a general power of competence to act in the furtherance of the economic, social or environmental wellbeing of their area. The exercise of that power is specifically linked, in section 4 of the act, to works required in the furtherance of community and corporate plan objectives.
2. This opportunity is anticipated to provide economic, social and environmental enhancements to the wellbeing of the area for the reasons set out in the exempt Part 2 section of this agenda.
3. These enhancements will further the objectives of the Council's Corporate Plan.

## BACKGROUND

4. The Council's Corporate Plan contains a number of objectives aimed at ensuring the borough is a great place to live and work.
5. Pursuance of the identified opportunity would enable the Council to support the delivery of these objectives, as is set out in the exempt Part 2 section of this agenda.
6. In addition to supporting the Council's Corporate Plan Objectives of ensuring the borough is a great place to live and work, the proposed opportunity potentially also provides the opportunity for the Council to generate funding to support other services.
7. By way of general context for the consideration of investments, funding for Local Authorities has reduced in recent years, and there is a risk of further significant reductions to available funding from 2021/22 onwards. Simultaneously, the demands faced by Local Authorities have increased in many areas.

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## KEY INFORMATION

8. Key information on the project, including the potential benefits to the borough is included within the exempt Part 2 sections of the agenda.

## OPTIONS

9. The options available to the Commercial Ventures Executive Sub-Committee are set out below:

Option 1: Authorise the pursuance of the project, the associated delegations and use of funding. This is the recommended option. The Council will thereby undertake the planned activities associated with the opportunity, which will support the delivery of the Corporate Plan.

Option 2: Do nothing. This is not the recommended option as it would not support the Corporate Plan objectives.

10. Further detail on the options is set out within the exempt Part 2 section of this agenda.

## LEGAL IMPLICATIONS

11. As identified in the Statutory Powers section of this report, the Council has the power to act in the furtherance of the economic, social or environmental wellbeing of the area.
12. There is no legal duty to consult the public on any commercial terms of the project. These are matters for the authority. The Executive is entitled to determine them at its discretion, notwithstanding any previous decisions it has made, having considered the contents of this report.
13. Legal advice shall be sought as necessary throughout the pursuance of the project.

## FINANCIAL IMPLICATIONS

14. The proposed opportunity for which authority is sought in this report offers the potential to generate a financial return for the Council. However, there are also financial risks inherent in the proposed opportunity, and Executive Members should consider these in making their decision.
15. Further detail on the financial implications is included within the exempt Part 2 sections of the agenda.

## EQUALITIES IMPLICATIONS

16. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
  - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
  - Advance equality of opportunity between people who share those protected

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characteristics and people who do not;

- Foster good relations between people who share those characteristics and people who do not.

17. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.

18. The Committee should ensure that it has regard for these duties by considering them through the course of its work. This should include considering:

- How policy issues impact on different groups within the community, particularly those that share the nine protected characteristics;
- Whether the impact on particular groups is fair and proportionate;
- Whether there is equality of access to service and fair representation of all groups within the Borough;
- Whether any positive opportunities to advance equality of opportunity and/or good relations between people, are being realised.

19. Further detail on the equalities implications are set out in the Part 2 section of this agenda.

## **COMMUNICATION IMPLICATIONS**

20. Implications relating to the communications have been explored as part of the development of the case for the investment opportunity. Further detail of communications matters are set out in the exempt Part 2 section of this agenda.

## **RISK MANAGEMENT CONSIDERATIONS**

21. As a strategic project, the opportunity is not without risk, and it is possible that identified potential benefits may not be realised exactly as anticipated. Details of the risk management considerations are set out in the exempt Part 2 section of this agenda.

## **CONSULTATION**

22. The Leader of the Council and Executive Members with responsibility for Place & Economic Prosperity, Finance, and Investment & Companies have been consulted with regard to the recommendations of this report.

## **POLICY FRAMEWORK**

23. As identified, the proposed opportunity would support the delivery of the Council's Corporate Plan objectives through providing enhancements to the local area.

24. The proposed project is in line with the Council's Outline Capital Investment Strategy 2019/20.