



# Agenda

## Partner, Shareholder and Trustee Executive Sub-Committee

Thursday, 13 July 2023 at 6.30 pm

New Council Chamber, Town Hall, Reigate



This meeting will take place in the Town Hall, Castlefield Road, Reigate. Members of the public, Officers and Visiting Members may attend remotely or in person.

*All attendees at the meeting have personal responsibility for adhering to any Covid control measures. Attendees are welcome to wear face coverings if they wish.*



Members of the public may observe the proceedings live on the Council's [website](#).

### Members:

R. Biggs (Leader) and A. King (Chair)

V. H. Lewanski

R. Michalowski

**Mari Roberts-Wood**  
Managing Director

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**Reigate & Banstead**  
**BOROUGH COUNCIL**  
Banstead | Horley | Redhill | Reigate

**1. Apologies for absence**

To receive any apologies for absence.

**2. Minutes of the previous meeting**

(Pages 5 - 8)

To approve the minutes of the previous meeting on 22 June 2023 as a correct record.

**3. Declarations of interest**

To receive any declarations of interest.

**4. Companies Performance Update - Summer 2023**

(Pages 9 - 20)

To receive the Companies Performance Update – Summer 2023 report on the performance of Council-owned companies.

**5. Property Portfolio Performance Quarter 4 2022/23**

(Pages 21 - 48)

To receive and consider the Property Portfolio Performance report Quarter 4 2022/23.

**6. 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 1A of the Act; and
- (ii) The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**7. Any other business**

To consider any other urgent business.



### **Our meetings**

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



### **Streaming of meetings**

Meetings are broadcast live on the internet and are available to view online for six months. A recording is retained for six years after the meeting. In attending any meeting, you are recognising that you may be filmed and consent to the live stream being broadcast online, and available for others to view.



### **Accessibility**

The Council's agenda and minutes are provided in English. However, the Council also embraces its duty to anticipate the need to provide documents in different formats, such as audio, large print or in other languages. The Council will provide such formats where a need is identified prior to publication or on request.



**Notice is given** of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

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Minutes of a meeting of the **Partner, Shareholder and Trustee Executive Sub-Committee** held at the **New Council Chamber - Town Hall, Reigate** on **Thursday, 22 June 2023 at 6.30 pm.**

**Present:** Councillors R. Biggs (Leader) and A. King (Chair); V. H. Lewanski (Vice-Chair)

**Visiting Members present:** J. C. S. Essex, M. S. Blacker and S. T. Walsh

**1 Election of Chair**

The Sub-Committee elected a Chair. Councillor Lewanski nominated Councillor Andrew King, seconded by Councillor Biggs.

Councillor Andrew King was elected as Chair of the Sub-Committee for 2023/24.

**2 Election of Vice-Chair**

The Sub-Committee elected a Vice-Chair. Councillor Biggs nominated Councillor Lewanski and seconded by Councillor Andrew King.

Councillor Lewanski was elected Vice-Chair of the Sub-Committee for 2023/24.

**3 Apologies for absence**

There were apologies for absence from Councillor Michalowski.

**4 Minutes of the previous meeting**

**RESOLVED** – the minutes of the previous meeting on 23 March 2023 were approved as a correct record. A Visiting Member asked about Minute 51 – Insurance/indemnity for Council Company Member and Officer Directors/Board Representatives and why it was only effective from 23 March. The Chief Finance Officer said she would provide a written response.

**5 Declarations of interest**

There were declarations of interest from Director, Luci Mould, and Managing Director, Mari Roberts-Wood, for Item 6 – Shareholder Actions – 22 June 2023: RBBC Limited as directors of RBBC Limited.

Director, Luci Mould, also declared an interest in Item 7 – Shareholder Actions – 22 June 2023: Board Appointments and left the meeting for consideration of that item.

# Agenda Item 2

Partner, Shareholder and Trustee Executive Sub-Committee, Thursday, 22nd June, 2023

## 6 Shareholder Actions - 22 June 2023: RBBC Limited

Executive Member for Commercial & Community Assets, Councillor Andrew King, introduced the report. It recommends that the Sub-Committee as the Council's shareholder representative receive RBBC Limited's Annual Accounts for the year ended 30 September 2022 which were set out in Annex 1 attached to the agenda pack.

It was noted that:

1. RBBC Limited is a company 100% owned by Reigate & Banstead Borough Council.
2. The Sub-Committee was asked to acknowledge receipt of RBBC Limited's Annual Accounts for the year ended 30 September 2022 to allow the Sub-Committee to carry out its function as shareholder representative and monitor the activity of Reigate & Banstead Borough Council's commercial entities.
3. RBBC Limited's Directors have approved its Annual Accounts for the year ended 30 September 2022 ('the Accounts') as required by the Companies Act 2006.

Sub-Committee Members had no questions.

A Visiting Member asked if it was allowed to have one company dissolved called RBBC Limited and another started with the same name? Apart from preserving the name, was there a reason why this company was still trading? Managing Director, Mari Roberts-Wood, said that the previous Sub-Committee had decided to retain the company in order to retain the name for possible future use although there are no current plans. This decision will be revisited with this current Sub-Committee.

In response to another question from a Visiting Member, it was confirmed that the cost of keeping the company in operation was negligible. There was no time limit to decide to keep the company. Any future timeline to close it would be agreed with the new Chair, Councillor Andrew King.

**RESOLVED – that the Partner, Shareholder and Trustee Executive Sub-Committee:**

- (i) **As the Council's shareholder representative receives RBBC Limited's Annual Accounts for the year ended 30 September 2022 which were set out in Annex 1 attached to the agenda to the meeting.**

## 7 Shareholder Actions - 22 June 2023: Board Appointments

The Executive Member for Commercial & Community Assets, Councillor Andrew King, introduced the report on Shareholder Actions – 22 June 2023: Board Appointments.

This report recommends that: the Sub-Committee as shareholder representative for Greensand Holdings Limited, a company 100% owned by Reigate & Banstead Borough Council, endorse Cllr R Michalowski remaining as a Director of Greensand Holdings Limited following his appointment as a Member of the Executive and Portfolio Holder for Place, Planning and Regulatory Services. It also recommended

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**Partner, Shareholder and Trustee Executive Sub-Committee, Thursday, 22nd June, 2023**

that the Sub-Committee as Partner Representative for Horley Business Park Development LLP, a company part-owned by Reigate & Banstead Borough Council:

- (a) Note the resignation of the existing Reigate & Banstead Borough Council Board Representative to Horley Business Park Development LLP as set out in the exempt report in Part 2 of this agenda; and
- (b) Approve the appointment of a new Board Representative for Horley Business Park Development LLP, as set out in the exempt report in Part 2 of this agenda.

There were no questions from Sub-Committee Members or Visiting Members.

## **RESOLVED – that:**

- (i) **The Partner, Shareholder and Trustee Executive Sub-Committee, as shareholder representative for Greensand Holdings Limited, a company 100% owned by Reigate & Banstead Borough Council, is requested to endorse Cllr R Michalowski remaining as a Director of Greensand Holdings Limited following his appointment as a Member of the Executive and Portfolio Holder for Place, Planning and Regulatory Services; and**
- (ii) **The Partner, Shareholder and Trustee Executive Sub-Committee, as Partner Representative for Horley Business Park Development LLP, a company part owned by Reigate & Banstead Borough Council, is requested to:**
  - (a) **Note the resignation of the existing Reigate & Banstead Borough Council Board Representatives to Horley Business Park Development LLP as set out in the exempt report in Part 2 of this agenda; and**
  - (b) **Approve the appointment of a new Board Representative for Horley Business Park Development LLP, as set out in the exempt report in Part 2 of this agenda.**

## **8 Exempt business**

There was no discussion under Exempt business.

## **9 Any other business**

There was no any other business.

The meeting finished at 6.42 pm

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# Agenda Item 4



<b>Signed off by</b>	Managing Director
<b>Author</b>	Pat Main, Chief Finance Officer
<b>Telephone</b>	Tel: 01737 276063
<b>Email</b>	pat.main@reigate-banstead.gov.uk
<b>To</b>	Overview and Scrutiny Committee Partner, Shareholder and Trustee Executive Sub-Committee
<b>Date</b>	Thursday 6 July, 2023 Thursday, 13 July 2023
<b>Executive Member</b>	Portfolio Holder for Commercial and Community Assets

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

<b>SUBJECT</b>	Companies Performance Update - Summer 2023
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<b>Recommendations</b>
<p><b>Overview and Scrutiny Committee</b></p> <p>(i) To note the Companies Performance Update, as set out in the report, and make any observations for consideration by the Partner, Shareholder and Trustee Executive Sub-Committee.</p> <p><b>Partner, Shareholder and Trustee Executive Sub-Committee</b></p> <p>(i) To note the Companies Performance Update, as set out in the report, and to consider any observations from the Overview and Scrutiny Committee.</p>
<b>Reasons For Recommendations</b>
To consider the performance of companies owned or part-owned by the Council.

# Agenda Item 4

## **Executive Summary**

This report provides an overview of the performance of the companies currently owned, or part-owned, by the Council.

The operational companies currently consist of Greensand Holdings Limited, Horley Business Park Development LLP, and Pathway for Care Limited.

The Council also owns the inactive company RBBC Limited.

The Council continues to review the future strategy for Greensand Holdings Limited with its directors with the aim of ensuring that the company's affairs are properly managed and that preparations are made for the company to be dissolved in an orderly manner.

Horley Business Park Development LLP is due to be dissolved by way of a Members Voluntary Liquidation. A Settlement Agreement resolving all outstanding disputes between the LLP's members has been completed.

The Council is continuing to seek critical business information from Pathway for Care Limited. This has assumed greater urgency since April 2023 when the company declined to pay the redemption value on the Council's Preference.

Additional commercially sensitive supporting information is detailed in the exempt report set out in the Part 2 section of this agenda.

**The Partner, Shareholder and Trustee Executive Sub-Committee has authority to approve the above recommendation to the Sub-Committee.**

## **Statutory Powers**

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for purely commercial purposes should be done through a company structure.
2. Companies and LLPs are governed by the Companies Act 2006; The Limited Liability Partnerships Act 2000; and The Limited Liability Partnerships Regulations 2001 (as amended principally by the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009).

## **Background**

3. Local Authorities have faced significant financial challenges in recent years, due to a combination of reductions in central government funding and increasing demand on services in many areas. Whilst Reigate and Banstead Borough Council has maintained a generally strong financial position it remains essential for the Council to take action to ensure future financial stability if it is to continue to deliver and maintain the high level of services it currently provides and has planned through the Corporate Plan 2020-2025.
4. Company activities are overseen by the Partner, Shareholder and Trustee Executive Sub-Committee. These activities take place within financial limits set out in the approved revenue budget and capital programme.

5. The Council's holdings in companies represent one element of this commercial and investment activity, governed by the established commercial framework, along with relevant company regulations.
6. To support good governance of the Council's companies, the Overview and Scrutiny Committee and the Partner, Shareholder and Trustee Executive Sub-Committee receive regular updates on the performance of these companies.
7. The last update was considered by the [Overview and Scrutiny Committee in December 2022](#), and the [Partner, Shareholder and Trustee Executive Sub-Committee in January 2023](#).

## Key Information

8. The Council currently owns or part-owns three operational companies. These are Greensand Holdings Limited, Horley Business Park Development LLP, Pathway for Care Limited. The Council also owns an inactive company, RBBC Limited.
9. The Council continues to review the future strategy for Greensand Holdings Limited with its directors with the aim of ensuring that the company's affairs are properly managed and that preparations are made for the company to be dissolved in an orderly manner.
10. Horley Business Park Development LLP is due to be dissolved by way of a Members Voluntary Liquidation. A Settlement Deed resolving all outstanding disputes between the LLP's members has been completed. This Deed incorporates an agreed 'Step Plan' which will facilitate the closing down of the LLP.
11. The Council is continuing to seek critical business information from Pathway for Care Limited. This has assumed greater urgency since April 2023 when the company declined to pay the redemption value on the Council's Preference.
12. Further details are set out below.

## Greensand Holdings Limited

13. Greensand Holdings Limited is a property investment and development company, established to facilitate the Council's property investment activities. It is wholly owned by the Council. Creation of the company was authorised by the Executive on 15 September 2016.
14. The company was initially funded through a loan from the Council. It generates an income from one of its property holdings. Current Directors are Mr. D. Beck and Councillor R. Michalowski.
15. At 31 March 2023, the company had received £13.258m in loan funding from the Council comprising
  - £2.270m in 2016/17 for the purchase of office premises; and
  - £10.988m in 2019/20 for the purchase of a plot of land for development.

On 23 March 2023 the Partner, Shareholder and Trustee Committee approved equity funding of £1.300 million to allow it to continue trading and carry out essential works on one of its properties.
16. The office building provides a rental income. A programme of remedial works is taking place to secure the 'rentability' of the property and to improve its EPC

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environmental rating. The current plan is for this asset to be transferred into direct Council ownership at a future date.

17. The development land provides a negligible income stream; £2.373m loan interest has been accrued as of 30 September 2022. The loan and accrued interest are impaired in the Council's accounts to reflect the risk of credit loss.
18. The future status of this asset is contingent on the dissolution of Horley Business Park Development LLP with the current plan being to transfer it back into direct Council ownership.
19. The Directors' Report and Audited Financial Statements for the year ended 31 December 2021 for Greensand Holdings Limited were received by the Partner, Shareholder and Trustee Executive Sub-Committee on 17 November 2022, and considered as part of the Winter 2022 companies performance report on [26 January 2023](#).
20. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

## **Horley Business Park Development Limited Liability Partnership**

21. Horley Business Park Development LLP is a joint venture which was set up to bring forward planning, and subsequent development, of employment land in the Horley area. The creation of the company was authorised by the Executive on 15 October 2015, and the joint venture with Millhill Properties (Horley) Limited and Berwick Hill Properties Limited was established in 2016.
22. The LLP has been funded through loans from the Council and its partners.
23. As of 31 March 2023, the company had received £0.608m in loan funding from the Council for set up and working capital expenses and £0.416m interest has accrued. This sum is impaired in the Council's accounts to reflect the risk of credit loss.
24. As reported in the previous update, the Council is currently working to resolve a number of matters regarding its relationship with the partners to the LLP and this process will shortly result in the signing of a Settlement Deed that releases all partners from their obligations to the LLP. This Deed incorporates an agreed 'Step Plan' which will facilitate the closing down of the LLP.
25. The draft Horley Business Park Development LLP's Annual Report and Financial Statements for the year ended 31 December 2021 were received by the Partner, Shareholder and Trustee Executive Sub-Committee on 17 November 2022, and considered as part of the Winter 2022 companies performance report on [26 January 2023](#).
26. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

## **Pathway for Care Limited**

27. Pathway for Care Limited provides supporting living facilities and support for residents at a site in the borough. Its creation was authorised by the Executive on 14 July 2016. The company share equity structure was subsequently revised in April 2018, when Executive approved the conversion of debt funding to Preference Shares and of its shares into 'B' class equity.

28. The Council is, therefore, a minority shareholder in the company, with the majority shareholding held by Transforming Healthcare Group Limited. The Council has the right to appoint a director to the board of the company.
29. The Council currently holds redeemable preference shares with a value of £1.1m in the company. The redemption date of 5 April 2023 has not been honoured due to the company holding insufficient funds. The Council is now awaiting tangible proposals for redemption of the preference shares.
30. The current Directors of the company are Mr. A. Ibrahim and Councillor V. Lewanski, the Council appointed Director. Messrs. P. Green and W. Richards, who were directors of the company until October 2021, remain directors of the majority shareholder, Transforming Healthcare Group Limited.
31. The Council has received audited accounts for the year to 31 December 2021, but these do not have a valid audit opinion, do not include a 'going concern' statement and show that the company is technically insolvent. Accounts for the year to 31 December 2022 are not yet available.
32. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

## **RBBC Limited**

33. RBBC Limited was incorporated on 30 September 2020 following the dissolution of a previous Council company, also named RBBC Limited. It was created for the purpose of preserving the name in case the Council should want to use the company name in the future. The directors, appointed for incorporation purposes, are the Managing Director & Head of Paid Service, and the Director of Place. The company is inactive and has not undertaken any activity in the current year. Options for the future of the company, including closure, are going to be developed for consideration by the Sub-Committee.

## **Options for the Partner, Shareholder and Trustee Executive Sub-Committee**

34. **Option 1:** To note the Summer 2023 Companies Performance Update, and the observations of the Overview and Scrutiny Committee.  
**This is the recommended option** as it will support the effective consideration of the performance of companies owned, or part-owned, by the Council.
35. **Option 2:** To not note the Summer 2023 Companies Performance Update, and not consider the observations of the Overview and Scrutiny Committee.  
**This is not recommended** as it will not support the effective consideration of the performance of companies owned, or part-owned, by the Council.

## **Legal Implications**

36. There are no direct legal implications arising from this report. Where decisions are made which effect the Council's companies, the legal implications of these decisions will be considered as part of the decision making process in each case.

## **Financial Implications**

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37. There are no direct financial implications arising from this report. The Council's annual statement of accounts incorporates the financial position of its companies as part of its group financial statements.
38. Where decisions are made which impact the Council's companies, the financial implications of these decisions will be considered as part of the decision making process in each case.

## **Equalities Implications**

39. There are no direct equalities implications arising from this report, however an awareness of the Council's obligations with respect to these duties should form part of the consideration of this report.
40. Where decisions are made which effect the Council's companies, the equalities implications of these decisions will be considered as part of the decision-making process in each case.
41. The Partner, Shareholder and Trustee Executive Sub-Committee shall generally have regard to the obligations of the Equality Act (2010) in conducting its role as the representative of the Council as a shareholder or partner in companies owned or part-owned by the Council.

## **Communication Implications**

42. There are no direct communication implications as a result of this report. As identified in the Commercial Governance Framework, the Partner, Shareholder and Trustee Executive Sub-Committee shall have regard for the Local Authorities (Companies) Order 1995, which sets out the rights for authorities and individual Members to receive company specific information.

## **Risk Management Considerations**

43. All commercial ventures and investment activities contain an element of risk, and the Partner, Shareholder and Trustee Executive Sub-Committee considers these as part of when making decisions relating to companies owned or part-owned by the Council.
44. In monitoring the performance of companies owned or part-owned by the Council, the Sub-Committee has regard to the fiduciary duty the Council owes to local tax payers, to the public law requirements to exercise the general power of competence for a proper purpose, and the requirements of the Commercial Governance Framework which forms part of the terms of reference of the Sub-Committee.

## **Environmental Sustainability Considerations**

45. There are no direct environmental sustainability implications arising from this report. Where decisions are made which effect the Council's companies, the environmental implications of these decisions will be considered as part of the decision making process in each case.

## **Policy Framework**

46. The recommendations of this report are consistent with the Council's Policy

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Framework.

47. All actions undertaken by the Council in respect of commercial activity (including company activity) will be undertaken for the purpose of contributing to the achievement of the 'Funding our Services' objective within the Council's Corporate Plan and supporting policy framework, unless otherwise specified by statute.

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# Agenda Item 5



<b>SIGNED OFF BY</b>	Chief Finance Officer
<b>AUTHOR</b>	Daniel Jones, Property Services Manager,
<b>TELEPHONE</b>	Tel: 01737276872
<b>EMAIL</b>	Daniel.Jones@reigate-banstead.gov.uk
<b>TO</b>	Partner, Shareholder and Trustee Executive Sub-Committee
<b>DATE</b>	13/07/2023
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Commercial and Community Assets

<b>KEY DECISION REQUIRED</b>	N
<b>WARDS AFFECTED</b>	All Wards

<b>SUBJECT</b>	Commercial Property Report as at 2022/23 Financial Year End
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<b>RECOMMENDATIONS</b>
i. To receive the report.
<b>REASONS FOR RECOMMENDATIONS</b>
To monitor the performance of commercial assets against comparable market sectors.

# Agenda Item 5

## **EXECUTIVE SUMMARY**

The annex to the exempt report in part 2 of the agenda for this meeting contains a report on the performance of the Councils' commercial property portfolio as at the end of the 2022/23 financial year.

In addition to information about rental income, yields and vacancy rates, the report includes confidential information about proposed new tenancies and other opportunities and threats relating the Council's commercial properties.

## **STATUTORY POWERS**

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation.

## **BACKGROUND**

2. The Council owns a number of assets that are in commercial use and provide a rental income stream.
3. As part of the ongoing management of the portfolio, Property Services monitors and reports on the performance of these properties in comparison with the relevant sectors of the wider property market.

## **KEY INFORMATION**

4. The annex to the exempt report in part 2 of the agenda for this meeting contains a report on the performance of the Councils' commercial property portfolio as at the end of the 2022/23 financial year.
5. In addition to information about rental income, yields and vacancy rates, the report includes confidential information about proposed new tenancies, potential alternative property uses and other opportunities and threats relating the Council's commercial properties.

## **OPTIONS**

6. The Sub-Committee has two options:  
**Option 1:** To accept the report.  
**Option 2:** To request additional information before accepting the report.

## **LEGAL IMPLICATIONS**

7. There are no direct legal implications arising from this report.

## **FINANCIAL IMPLICATIONS**

8. There are no direct financial implications arising from this report.

<b>EQUALITIES IMPLICATIONS</b>
9. There are no direct equalities implications arising from this report.
<b>ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS</b>
10. There are no direct environmental sustainability implications arising from this report.
<b>COMMUNICATION IMPLICATIONS</b>
11. There are no communications implications arising from this report.
<b>RISK MANAGEMENT CONSIDERATIONS</b>
12. There are no direct risk management implications arising from this report.
<b>CONSULTATION</b>
13. Not applicable.
<b>POLICY FRAMEWORK</b>
14. The Council's commercial property ownership supports the Council's "Reigate & Banstead 2025" five-year plan objectives to drive the continued economic prosperity of the borough, facilitate improved business infrastructure, and confirm the borough's reputation as a great place to do business.
15. The generation of a rental income stream from commercial and other Council-owned property is also consistent with the objectives of the Asset Management Plan 2023 - 2028 and the Commercial Strategy.
<b>BACKGROUND PAPERS</b>
None

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