



# Agenda

## Partner, Shareholder and Trustee Executive Sub-Committee

Thursday, 21 March 2024 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.



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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Published 13 March 2024

**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 - 10)

To approve the Minutes of the previous meeting on 1 February 2024 as a correct record.

To approve the Exempt Minutes of the previous meeting on 1 February 2024 as a correct record.

**3. Declarations of interest**

To receive any declarations of interest.

**4. Property Portfolio Performance Quarter 3 2023/24**

(Pages 11 - 68)

To receive the Property Portfolio Performance Quarter 3 2023/24 report and to provide any observations.

**5. 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 and 4 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.

**6. 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. 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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## **BOROUGH OF REIGATE AND BANSTEAD**

### **PARTNER, SHAREHOLDER AND TRUSTEE EXECUTIVE SUB-COMMITTEE**

Minutes of a meeting of the Partner, Shareholder and Trustee Executive Sub-Committee held at the New Council Chamber - Town Hall, Reigate on 1 February 2024 at 6.30 pm.

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

Also present: Councillors Blacker, Chandler, Essex, J. King, Smith

#### **32. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **33. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** to approve the minutes of the previous meeting on 14 December 2023 as a correct record.

**RESOLVED** to approve the Exempt minutes of the previous meeting on 14 December 2023 as a correct record.

#### **34. DECLARATIONS OF INTEREST**

Luci Mould, Reigate and Banstead Borough Council Director, declared an interest in Agenda Item 4 – Shareholder Actions – RBBC Limited as a director of the company.

Luci Mould, Reigate and Banstead Borough Council Director, declared an interest in Agenda Item 6 – Insurance/indemnity for Council Company Member and Officer Directors/Board representatives – as a Director of companies covered.

Councillor Lewanski declared a non-pecuniary interest in Item 5 – Shareholder Actions – Pathway for Care Limited as a director of the company Pathway for Care Limited. He could stay in the Chamber and make representations to the Committee but did not participate in the vote (Council's Code of Conduct – under the Code of Governance for Local Authority Interests in Companies and Part 2(5)(3) of the Member Code of Conduct.

Councillor Lewanski and Council Michalowski declared a non-pecuniary interest in Item 6 – Insurance/indemnity for Council Company Member and Officer Directors/Board representatives. They could stay in the Chamber and make representations to the Committee but did not participate in the vote (Council's Code of Conduct – under the Code of Governance for Local Authority Interests in Companies and Part 2(5)(3) of the Member Code of Conduct.

# Agenda Item 2

Partner, Shareholder and Trustee Executive Sub-Committee  
1 February 2024

Minutes

## 35. SHAREHOLDER ACTIONS - RBBC LIMITED

The Executive Member for Commercial and Community Assets and Chair of the Sub-Committee, Councillor Andrew King, gave an overview of the report Shareholder Actions – RBBC Limited. The company, RBBC Limited, is an inactive company 100% owned by Reigate & Banstead Borough Council.

The report set out the recommendation of the directors of RBBC Limited to dissolve the company because it had been dormant for a substantial period and there was no intention for it to resume trading.

It was therefore proposed to instruct Council officers to take the necessary action to close the company and submit the final returns to Companies House.

There were no questions from Executive Members.

Visiting Members asked whether it would be of benefit to retain the company to preserve its name in case, for example, the Council was considering taking properties into its ownership.

Councillor King responded that the Council aims in future to have direct ownership of assets to avoid having to manage separate companies for that purpose. Director, Luci Mould, said that the intention to close RBBC Limited was set out in the Council's recent Commercial Strategy update. The Council no longer planned to engage in company activity and this recommendation was part of tidying up the previous portfolio.

**RESOLVED – that the Partner, Shareholder and Trustee Executive Sub-Committee as the Council's shareholder representative:**

- (i) **Accept the recommendation of the directors of RBBC Limited to dissolve the company, because it has been dormant for a substantial period and there is no intention for it to resume trading;**
- (ii) **Instruct Council officers to take the necessary action to close the company and submit the final returns to Companies House.**

## 36. SHAREHOLDER ACTIONS - PATHWAY FOR CARE LIMITED

Councillor Andrew King, Executive Member for Commercial and Community Assets and Chair of the Sub-Committee, gave a verbal update to Members on Shareholder Actions – Pathway for Care Limited.

It was noted that administrators, based in Manchester, had been appointed for Pathway for Care Limited on Monday 29 January. The Notice of Appointment was filed at Court in Manchester on Monday 22 January with Shoosmiths informing the Council on the 30 January. The administrators' duty is as an Officer of the Court (impartial and independent). They take control of the company and will decide its future. As a preference shareholder, the Council will be treated as a creditor (alongside any others and according to established ranking). The Council has written to the Administrator to set out its position.

Consultant, Colin Taylor, provided a summary of the facts relating to the administration at the current time.

There were no questions from Members in the open session of the meeting.

The meeting went into Part 2 Exempt session to discuss the matter in private.

Following the exempt session, the comments were noted and the Sub-Committee:

**RESOLVED – that the Executive Sub-Committee:**

**Noted the verbal update on Shareholder Actions – Pathway for Care Limited given at the meeting.**

## **37. INSURANCE/INDEMNITY FOR COUNCIL COMPANY MEMBER AND OFFICER DIRECTORS/BOARD REPRESENTATIVES**

The Executive Member for Commercial and Community Assets and Chair of the Executive Sub-Committee, Councillor Andrew King, gave an overview of the report – Insurance/indemnity for Council Company Member and Officer Directors/Board representatives.

The report provided clarification and further assurances about the risks covered by the Council's indemnity and insurance arrangements. These arrangements relate to the duties of Council appointed Directors and Board representatives.

This further assurance is important, and it demonstrates the Council is fulfilling a duty of care to those it asks to take on these responsibilities on its behalf. Approving the clarification of the indemnity and insurances available was the recommended option as it will provide further assurances to members and officers carrying out these roles.

There were no questions from Executive or Visiting Members. It was therefore:

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

- (i) Note the report to this Sub-Committee on 23 March 2023 (Insurance / Indemnity for Council Company Member and Officer Directors / Board Representatives) at Annex 1;**
- (ii) Approves the clarification of the indemnity and insurances available to Council Company Member and Officer Directors / Board Representatives, contained within this report.**

## **38. 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 and 4 of Part 1 of Schedule 12A of the Act; and**

# Agenda Item 2

Partner, Shareholder and Trustee Executive Sub-Committee  
1 February 2024

Minutes

**(ii) The public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

Members of the Sub-Committee discussed Item 5 – Shareholder Actions – Pathway for Care Limited verbal update in the Exempt part of the meeting. The comments were noted and meeting moved back into the public session to agree the Recommendation in public.

**39. ANY OTHER BUSINESS**

There was no other business discussed at the meeting.

The Meeting closed at 6.52 pm



# Agenda Item 4



<b>SIGNED OFF BY</b>	Chief Finance Officer
<b>AUTHOR</b>	Daniel Jones, Property Services Manager, Pat Main, Chief Finance Officer
<b>TELEPHONE</b>	Tel: 01737 276872, Tel: 01737 276063
<b>EMAIL</b>	daniel.jones@reigate-banstead.gov.uk, pat.main@reigate-banstead.gov.uk
<b>TO</b>	Partner, Shareholder and Trustee Executive Sub-Committee
<b>DATE</b>	Thursday, 21 March 2024
<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>	Property Portfolio Performance Quarter 3 2023/24
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<b>Recommendations</b>
(i) That the Partner, Shareholder and Trustee Executive Sub-Committee receive the report and provide any feedback.
<b>Reasons for Recommendations</b>
To monitor performance of the Council's commercial assets against comparable market sectors.
<b>Executive Summary</b>
Annex 1 to this report sets out the performance of the Council's commercial property portfolio as at the end of Q2 2023/24, including information about rental income, yields and vacancy rates.

# Agenda Item 4

Annex 1 to the exempt report in part 2 of the agenda for this meeting contains 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. Annex 1 to this report sets out the performance of the Council's commercial property portfolio as at the end of Q2 2023/24, including information about rental income, yields and vacancy rates.
5. The annex to the exempt report in part 2 of the agenda for this meeting contains confidential information about proposed new tenancies 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. Information about Property rental yields is set out at Annex 1.
9. Updates on rental income forecasts compared to the approved budget are included in the quarterly budget monitoring updates to Overview & Scrutiny Committee and Executive.

## Equalities Implications

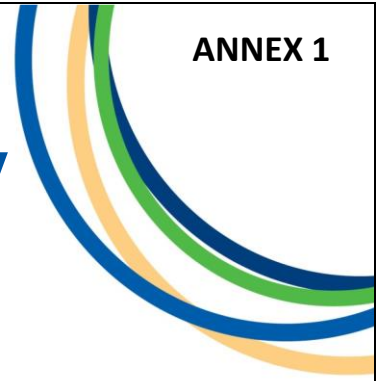
10. There are no direct equalities implications arising from this report.

<b>Communication Implications</b>
11. There are no communications implications arising from this report.
<b>Environmental Sustainability Implications</b>
12. There are no direct environmental sustainability implications arising from this report
<b>Risk Management Considerations</b>
13. The risks associated with commercial property rental yields are set out in the report.
<b>Policy Framework</b>
14. The Council's commercial property ownership supports the delivery of Corporate 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
<b>ANNEXES</b>
1. Commercial Property Quarterly Report Q3 2023-24

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# Commercial Property Quarterly Report

Q3 2023



## Introduction

This report provides a number of key metrics regarding commercial properties in the Council’s portfolio. These comprise retail, office and industrial premises, agricultural and grazing land and various other premises that are leased-out to third party organisations.

In the 2023/24 financial year, these properties are budgeted to produce £3.58m, or 87%, of the total £4.1m income budget for Property services.

The report shows 5-year projections for income and yields, current void levels and, where comparable data is available, compares current voids and yields by sector and property against with market data and reports on sustainability matters relating to the portfolio.

The appendix to the exempt report in Part 2 of the meeting agenda provides additional commercially sensitive information including current valuation data, and portfolio-specific opportunities, threats, and legislative issues that may have implications for the Council’s commercial property holdings.

## Property List

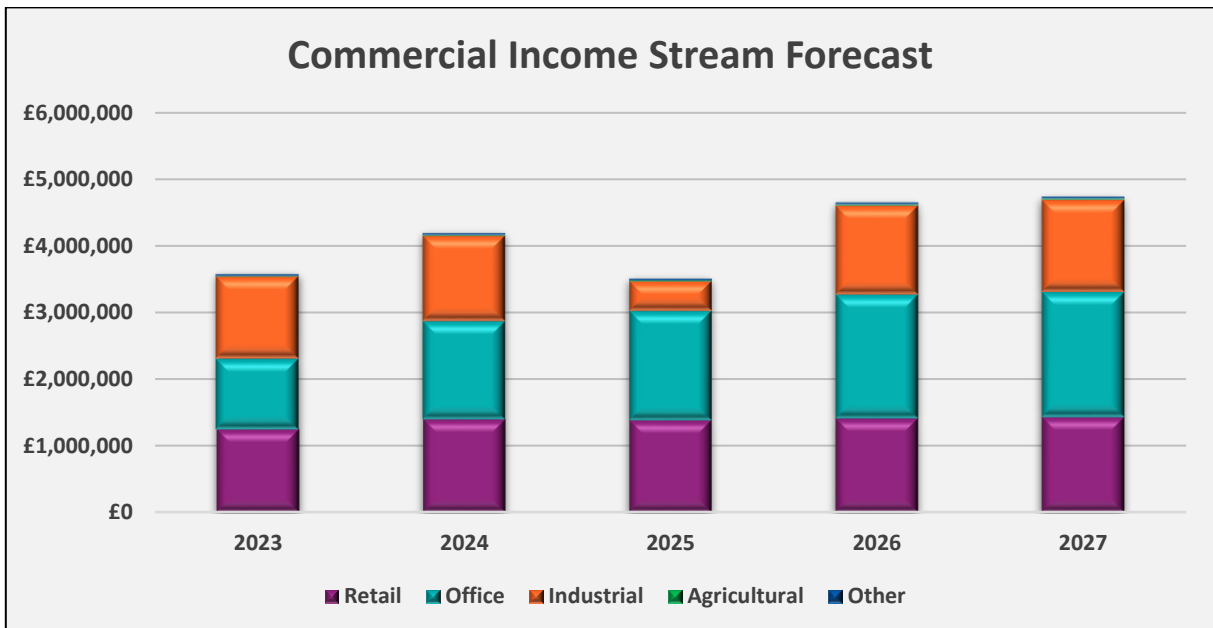
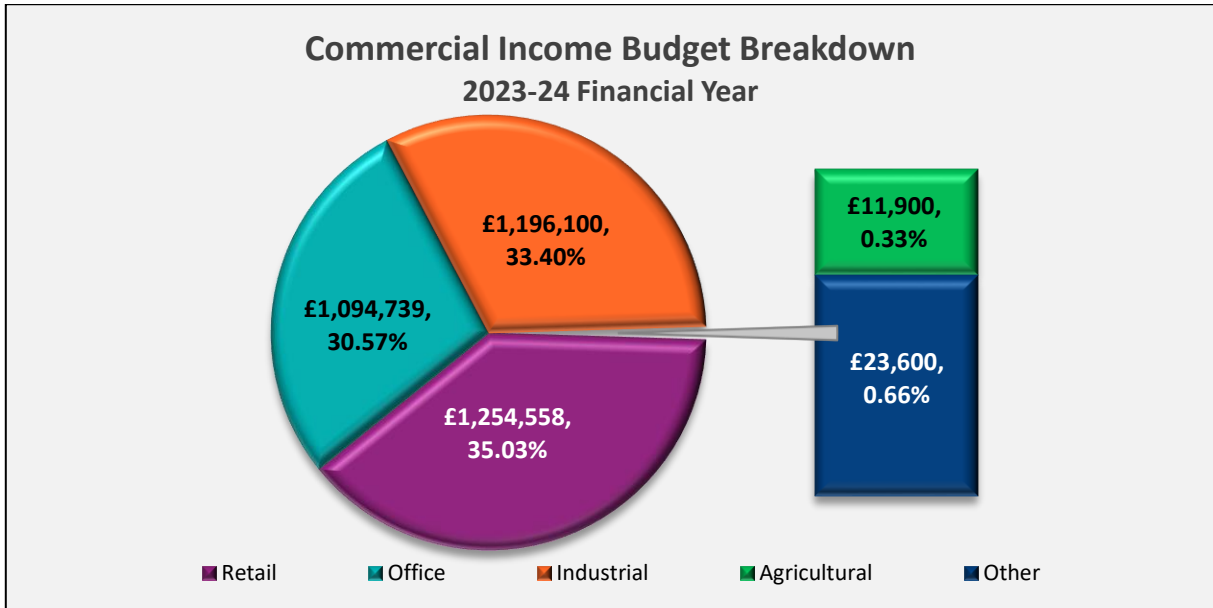
The table below lists the commercial properties in the portfolio. Summary sheets for each property, with a photograph, location plan and occupier information, are contained in the appendix to the exempt report, as they contain some personal data.

Property	Type	Notes
Linden House, 51 High Street, Reigate	Retail	
55-63 Victoria Road, Horley	Retail	
Old Town Hall, High Street, Reigate	Retail	
Warwick Quadrant, London Road, Redhill	Retail	Including income from Travelodge
Units 1-4 Quarrydene Parade, Merstham	Retail	
Units 5-8 Quarrydene Parade	Retail	
16-22 Cromwell Road	Retail	
54 High Street, Horley	Retail	
1, 3 & 7 Linkfield Street	Retail	
Reigate Hill Kiosk	Retail	
Forum House, London Road, Redhill	Office	
Beech House, London Road, Reigate	Office	
Priory Gate, Castlefield Road, Reigate	Office	
Regent House, 1-3 Queensway, Redhill	Office	
Reading Arch Road estate, Redhill	Industrial	Units 1, 3, 4, 6, 8, 14-16 and 20
61E Albert Road, Reigate	Industrial	
Redhill Distribution Centre, Salfords	Industrial	
50 Linkfield Lane	Industrial	
New Pond Farm Nursery	Industrial	
4 Pitwood Park	Industrial	
Telecomms Mast, Waterfield	Industrial	
Holly Lane	Agricultural	
Hazelwood Lane	Agricultural	
Woodplace Lane	Agricultural	
Purbright Green Belt Land	Agricultural	
The Park, Woodmansterne	Agricultural	
Millstock	Agricultural	

Property	Type	Notes
Lot 3 Rookery Farm	Agricultural	
Redstone Cemetery Lodge	Other	
2a New Pond Farm	Other	
Elmhurst, 8 Evesham Road	Other	
Park Lodge, 38 Gloucester Road	Other	
Reigate Priory School	Other	

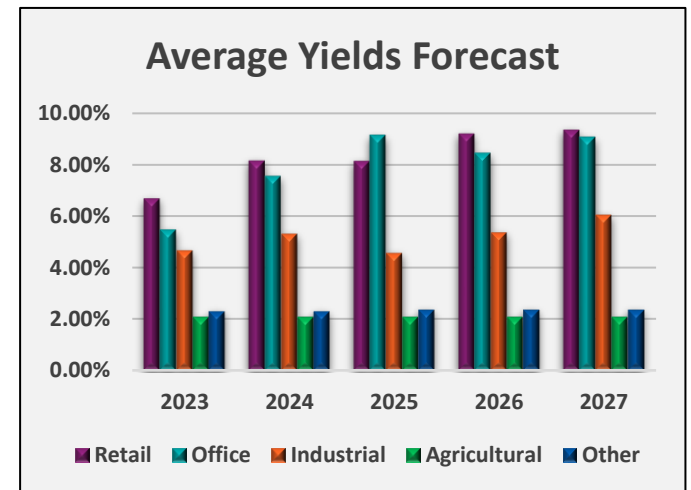
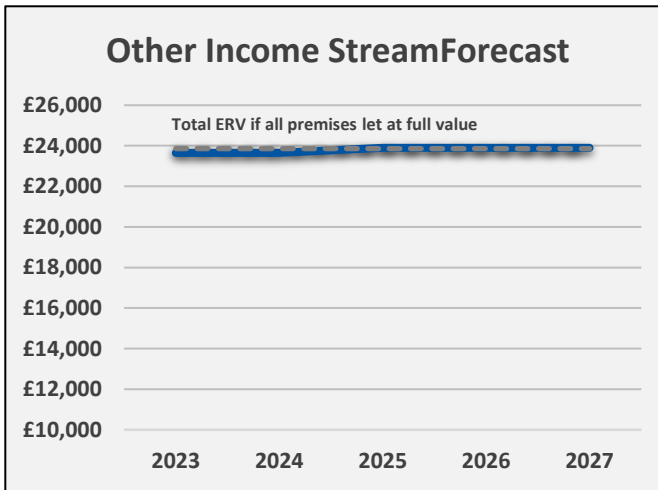
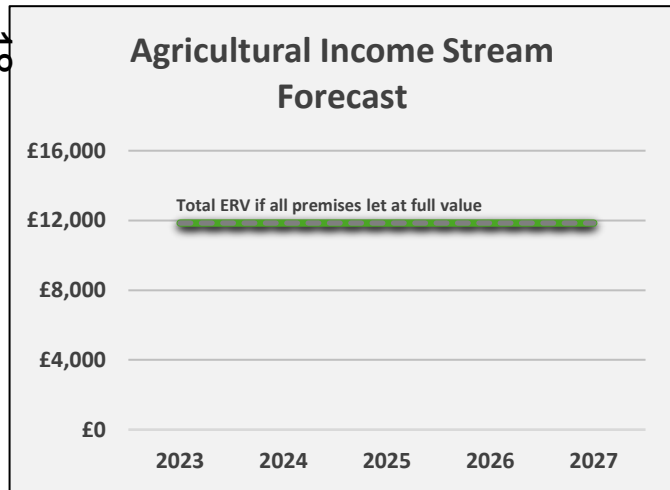
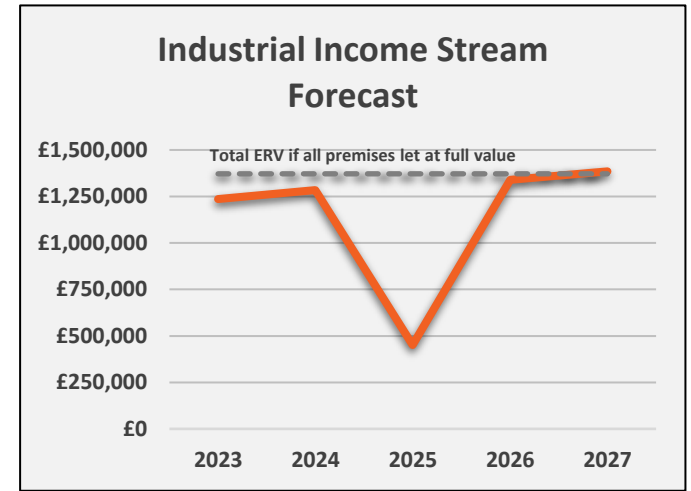
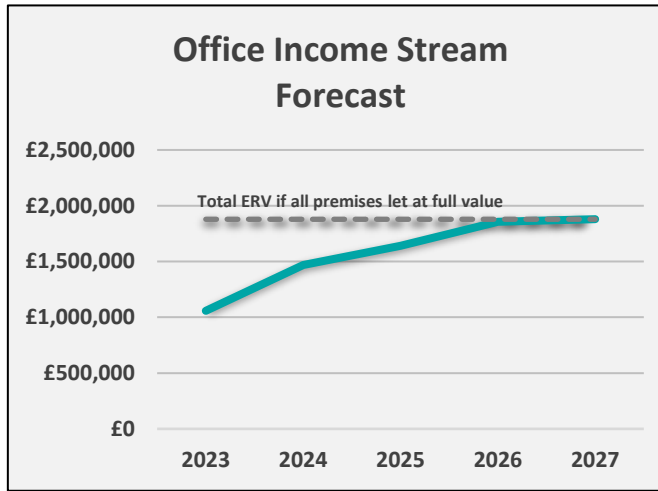
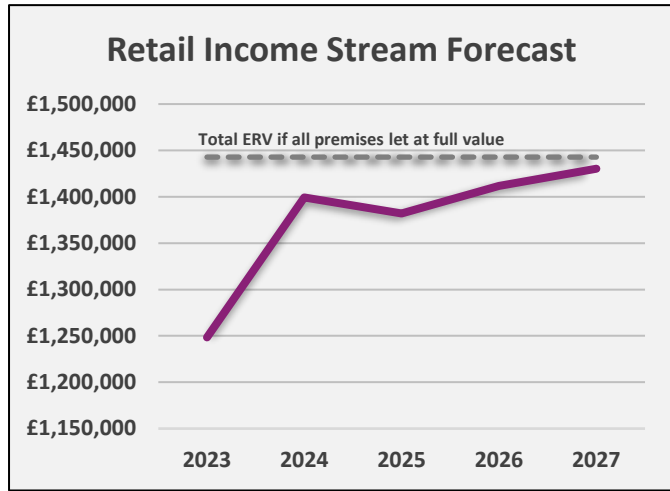
## Projected Performance

The following charts show the 2023-24 commercial income budget and 5-year forecasts by sector.



The charts show below show detailed income stream forecasts by sector compared with the Estimated Rental Value (ERV)<sup>1</sup> for each sector.

The final chart shows forecast average yields forecasts by sector.:



<sup>1</sup> The maximum estimated rent for each sector if no properties were void and all properties were producing the maximum income.



## Commercial Property Acquisition Dates and Purchase Prices

The following table shows acquisition dates and purchase prices for property in the commercial portfolio.

Property	Acquisition Date	Purchase Price	Notes
Linden House, Reigate (M&S)	01/08/2014	£4,850,000	Acquisition of long leasehold interest. Freehold acquired in 1973 for £236,700.
55-63 Victoria Road, Horley	08/07/2015	£0	Part of a sale and leaseback arrangement.
Old Town Hall, Reigate (Caffé Nero)	21/11/1922	£0	Gifted to the Council and held in charitable trust.
Warwick Quadrant & Travelodge	20/12/2005	£2,400,000	The site was originally owned jointly by SCC and RBBC. This was the purchase of SCC's half-share.
1-4 Quarrydene Parade, Merstham	24/02/1950	£17,500	Acquisition of a larger site incorporating these properties.
Units 5-8 Quarrydene Parade	24/02/1950	£17,500	Acquisition of a larger site incorporating these properties.
16-22 Cromwell Road	12/02/1960	£18,000	Acquisition of a larger site incorporating these properties.
54 High Street, Horley	17/11/1964	£11,000	Acquisition of a larger site incorporating these properties.
1, 3 & 7 Linkfield Street	04/12/1968	£11,550	Acquired in two transactions in 1968 and 1970. Price is total paid.
Reigate Hill Kiosk	25/06/1945	£0	Gifted to the Council.
Forum House, Redhill	12/07/2017	£5,775,000	
Beech House, Reigate	14/08/2017	£6,000,000	
Priory Gate, Town Hall, Reigate	16/03/1889	£300	Purchase price was for larger Town Hall site. Current valuation is for Priory Gate only.
Regent House, Redhill	30/11/2018	£15,365,000	
Reading Arch Road estate, Redhill	22/08/1962	£45,000	Purchase price was for entire Reading Arch Road site. Current Valuation is for currently owned assets only.
61E Albert Road, Reigate	22/06/2018	£950,000	
Redhill Distribution Centre, Salfords	14/12/2018	£15,000,000	
50 Linkfield Lane	21/01/1971	£36,500	Acquisition of a larger site incorporating the property.
New Pond Farm Nursery	11/03/1872	£7,050	Acquisition of a larger site incorporating the property.
4 Pitwood Park	29/07/1938	£11,793	Acquisition of a larger site incorporating the property.
Telecomms Mast, Waterfield	29/07/1938	£11,793	Acquisition of a larger site incorporating the property.

Property	Acquisition Date	Purchase Price	Notes
Holly Lane	27/05/1946	£45,000	Acquisition of a larger site incorporating the property.
Hazelwood Lane	04/03/1949	£0	Gifted to the Council.
Woodplace Lane	16/06/1905	£0	Received from LB Croydon as result of boundary changes.
Purbright Green Belt Land	20/09/1938	£8,250	
The Park, Woodmansterne	04/09/1953	£1,150	Acquisition of a larger site incorporating the property.
Millstock	16/06/1905	£0	Received from LB Croydon as result of boundary changes.
Lot 3 Rookery Farm	29/08/1952	£12,500	Acquisition of a larger site incorporating the property.
Redstone Cemetery Lodge	30/11/1927	£4,000	Search of deed packet for original conveyance required
2a New Pond Farm	11/03/1872	£7,050	Acquisition of a larger site incorporating the property.
Elmhurst, 8 Evesham Road	30/12/1953	TBC	Search of deed packet for original conveyance required
Park Lodge, 38 Gloucester Road	05/07/1962	TBC	Search of deed packet for original conveyance required
Reigate Priory School	04/11/1947	£38,500	Search of deed packet for original conveyance required

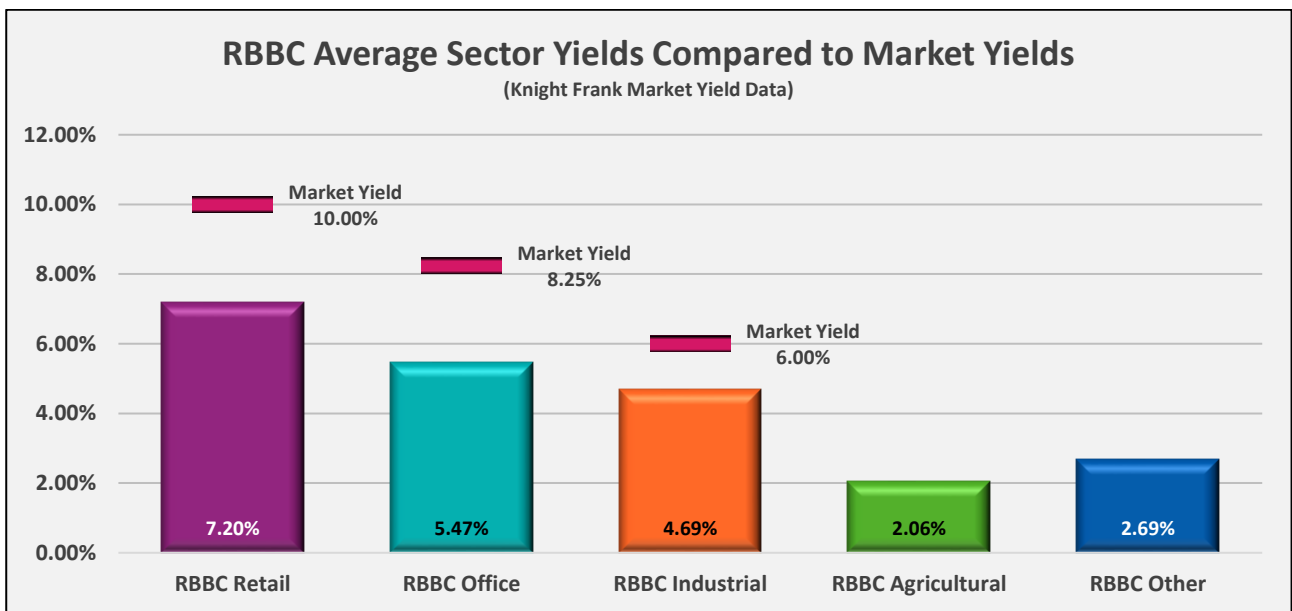
## Market Analysis

The charts on the following pages show how RBBC property yields compared to market yield data for retail office and industrial property provided by Knight Frank. Yields are shown first by sector and then by property in each sector.

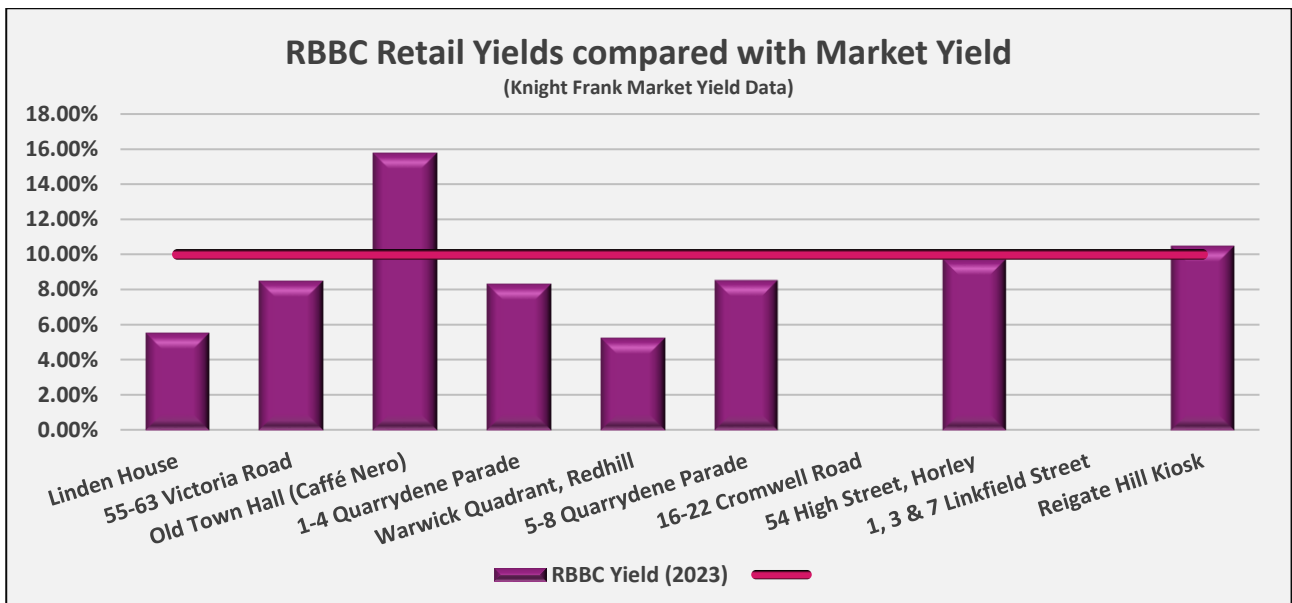
Whilst this comparison is broadly indicative of performance against the wider market, it should be noted that RBBC’s portfolio is relatively minor compared to the likely sample size of the Knight Frank data. Furthermore, the type and mix of property in each market-data sector may not closely reflect our portfolio and is likely to include a higher proportion of new and “Cat A” refurbished office and industrial buildings. We will explore if alternative benchmark data is available.

Yields data is also shown for agricultural or other property assets but comparable market data is not available for these sector types.

### Overview of Current RBBC Sector Yields Compared to Market Data

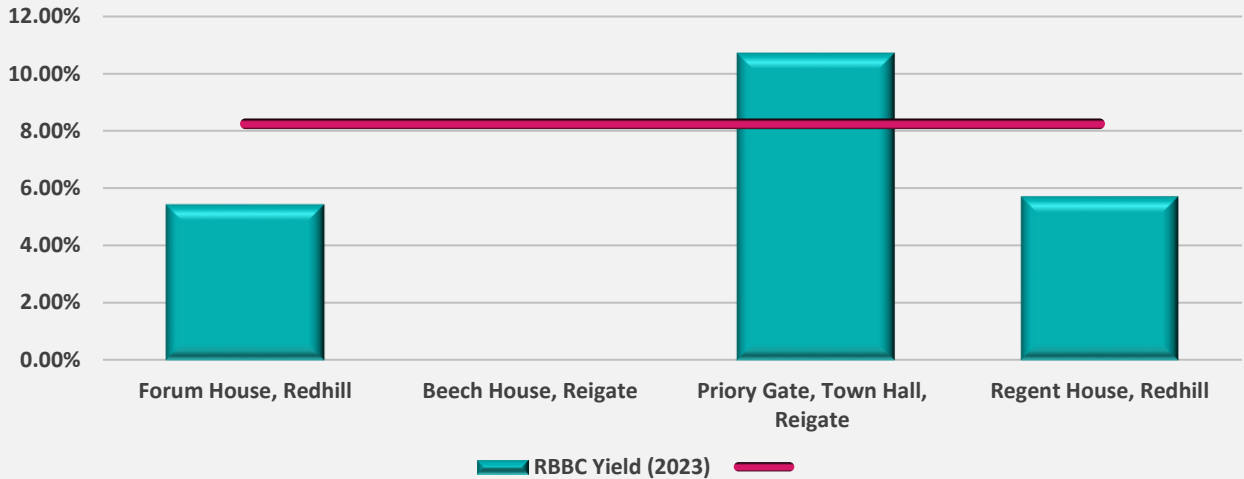


### Detailed Yield Analysis by Sector and Asset



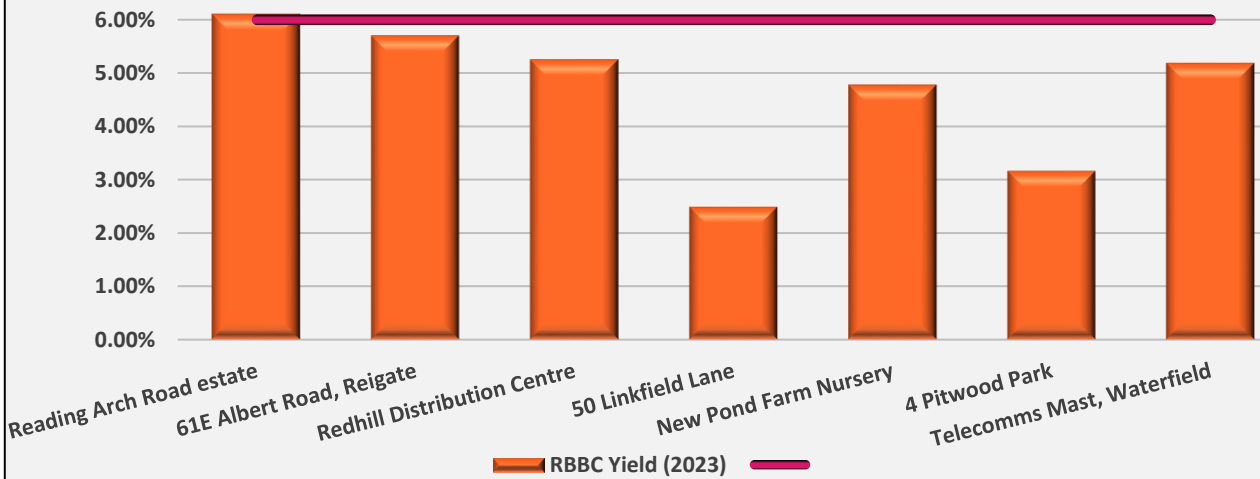
### RBBC Office Yields compared with Market Yield

(Knight Frank Market Yield Data)



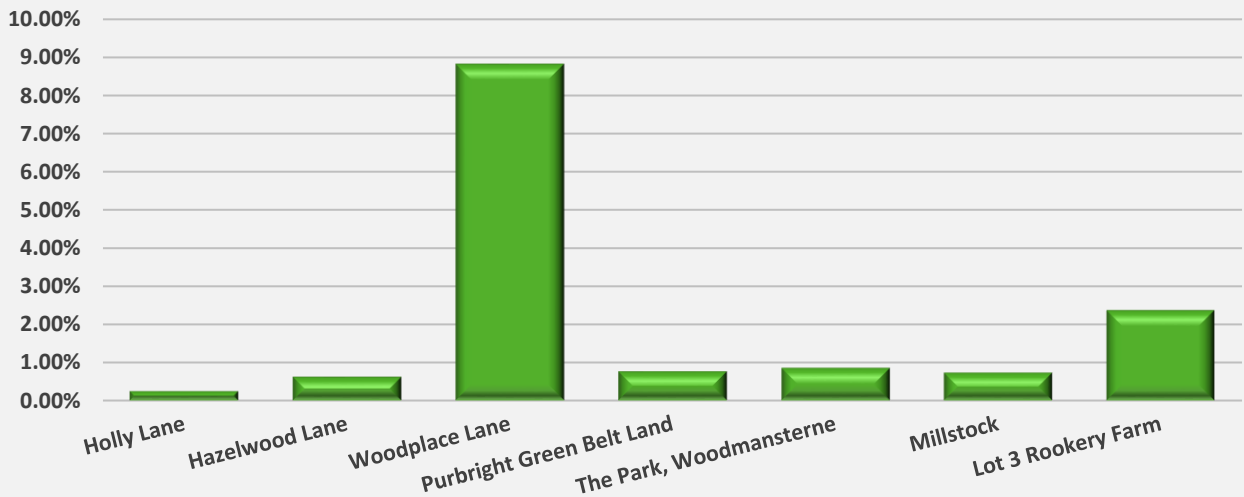
### RBBC Industrial Yields compared with Market Yield

(Knight Frank Market Yield Data)



### RBBC Agricultural Yields

(No comparable market yield data available)



### RBBC Other Yields

(No comparable market yield data available)

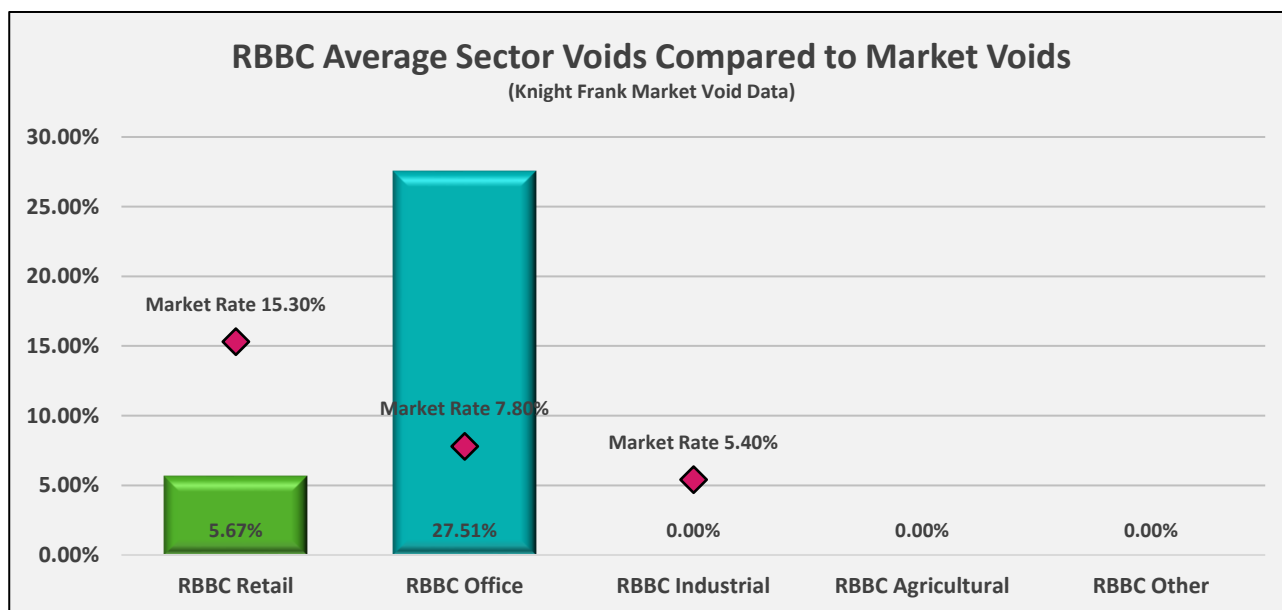


## Void Property Review

The following table shows current average void levels in each sector, compared to average voids in the wider market, where comparable data is available.

The Council increasingly needs to carry out works to prepare vacant commercial property for market, or to retain existing tenants. These works are often relatively minor but need to be put out to tender, causing delays in undertaking the work. We have therefore procured a new contract that will allow us to be more agile in carrying out minor capital works and will therefore assist in minimising void periods.

### Overview of Current RBBC Void Position Compared to Market Data



### Detailed Void Analysis

Current void levels per property, by type are as follows:

Retail	Total Area (m2)	Void Area (m2)	Void Rate
Linden House, Reigate	1,466.08	0.00	0.00%
55-63 Victoria Road, Horley	1,066.42	0.00	0.00%
Old Town Hall, Reigate (Caffé Nero)	195.00	0.00	0.00%
Warwick Quadrant & Travelodge	2,548.00	0.00	0.00%
1-4 Quarrydene Parade, Merstham	579.99	0.00	0.00%
5-8 Quarrydene Parade	266.09	0.00	0.00%
16-22 Cromwell Road	384.44	384.44	100.00%
54 High Street, Horley	13.40	0.00	0.00%
1, 3 & 7 Linkfield Street	224.26	0.00	0.00%
Reigate Hill Kiosk	34.28	0.00	0.00%
<b>Overall Retail Voids</b>	<b>6,777.96</b>	<b>384.44</b>	<b>5.67%</b>

Office	Total Area (m2)	Void Area (m2)	Void Rate
Forum House, Redhill	1,466.08	712.90	48.63%
Beech House, Reigate	1,503.00	1,503.00	100.00%
Priory Gate, Town Hall, Reigate	795.79	0.00	0.00%
Regent House, Redhill	3,960.63	641.77	16.20%
<b>Overall Office Voids</b>	<b>7,725.50</b>	<b>2,857.67</b>	<b>36.99%</b>

<b>Industrial</b>	<b>Total Area (m2)</b>	<b>Void Area (m2)</b>	<b>Void Rate</b>
Reading Arch Road estate, Redhill	3,574.97	0.00	0.00%
61E Albert Road, Reigate	901.99	0.00	0.00%
Redhill Distribution Centre, Salfords	8,257.52	0.00	0.00%
50 Linkfield Lane	1,406.00	0.00	0.00%
New Pond Farm Nursery	9,491.00	0.00	0.00%
4 Pitwood Park	741.00	0.00	0.00%
Telecomms Mast, Waterfield	148.64	0.00	0.00%
<b>Overall Industrial Voids</b>	<b>24,521.12</b>	<b>0.00</b>	<b>0.00%</b>

<b>Agricultural</b>	<b>Other</b>	<b>Void Area (Ha)</b>	<b>Void Rate</b>
Holly Lane	28.70	0.00	0.00%
Hazelwood Lane	10.73	0.00	0.00%
Woodplace Lane	1.55	0.00	0.00%
Purbright Green Belt Land	27.67	0.00	0.00%
The Park, Woodmansterne	5.85	0.00	0.00%
Millstock	1.14	0.00	0.00%
Lot 3 Rookery Farm	8.74	0.00	0.00%
<b>Overall Agricultural Voids</b>	<b>75.64</b>	<b>0.00</b>	<b>0.00%</b>

<b>Other</b>	<b>Total Units</b>	<b>Void Units</b>	<b>Void Rate</b>
Redstone Cemetery Lodge	1.00	0.00	0.00%
2a New Pond Farm	1.00	0.00	0.00%
Elmhurst, 8 Evesham Road	1.00	0.00	0.00%
Park Lodge, 38 Gloucester Road	1.00	0.00	0.00%
Reigate Priory School	1.00	0.00	0.00%
<b>Overall Other Voids</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00%</b>

## Sustainability

Work continues to develop a programme of improvements to the commercial portfolio in advance of expected future the changes to the minimum energy efficiency standard (MEES) Regulations between 2027 and 2030.

This programme will be developed in the context of the Councils' Environmental Sustainability Strategy 2020 and will consider any amendments that are incorporated following the ongoing review of the strategy.