

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 14 December 2023 at 6.30 pm.

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

Also present: Councillors J. C. S. Essex, M. S. Blacker, N. D. Harrison, J. P. King, M. Smith and S. T. Walsh.

24. APOLOGIES FOR ABSENCE

There were no apologies for absence.

25. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting on 14 September 2023 were approved as a correct record.

26. DECLARATIONS OF INTEREST

Councillor Michalowski declared a non-pecuniary interest in Item 5 – Companies Performance Update – Winter 2023 as a director of the company Greensand Holdings Limited.

Councillor Lewanski declared a non-pecuniary interest in Item 5 – Companies Performance Update – Winter 2023 as a director of the company, Pathway for Care Limited.

Both Members could stay in the Chamber and make representations to the committee but did not participate in any 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.

27. CHARITABLE TRUSTS - TRUSTEE ANNUAL REPORTS AND ACCOUNTS 2022/23

The Executive Member for Commercial and Community Assets and Chair of the Sub-Committee, Councillor Andrew King, gave an overview of the Charitable Trusts – Trustee Annual Reports and Accounts 2022/23.

Charities registered in England or Wales must send an annual return to the Charity Commission or report their income and spending every year. The Council is sole trustee for seventeen charitable trusts as set out in the report. The Council's duties as trustee are also set out in the report.

The Trustee Annual Reports (TARs) and Annual Accounts for these charities for the financial year 2022/23 were appended to the report. The report sought authority for the Council's Finance Team to submit the TARs and Annual Accounts to the Charity Commission by 31st January 2024 which it legally must do each year.

There were no questions from Executive Sub-Committee Members.

Visiting Members raised questions in the following areas:

- Analysis of expenditure (Note 6) on page 33 of the report.
- Reigate Baths Fund – money remained despite the Baths no longer being operational. Suggestion to use for other local sporting clubs.

The Chief Finance Officer responded to the first question. The income represents the interest on the value of the trust asset which is credited to the trust and then donated to Council annually. The transactions are based on established accounting practice and represent the beneficial value to the charity in ownership of the asset.

The Monitoring Officer responded to the second question. The Council has successfully completed a review of the charities over the last year. This has provided a body of evidence and good governance, allowing the start of the second phase. This will mean engaging with the Charity Commission as regulator to seek their consent to using the trust assets in a different way. There is a meeting scheduled with the Chair of the Sub-Committee in January to discuss the next steps of the phase two review. Members with any other questions on this were invited to raise them with the Monitoring Officer.

- Members also asked further questions about when the outcome would be known and the trust assets might be available for alternative use. They also requested an update for the general public, including details of all the assets held in trust with a map of their location.

The Chair emphasised that the review was underway and this needed to be completed before further decisions could be made. Bringing the report to the Executive Sub-Committee demonstrated the trustees' commitment to see it through to a conclusion.

The Monitoring Officer stressed that the work to date was the first phase – to assemble the body of evidence needed to be able to progress to phase two which was to engage with the Charity Commission about alternative use of trust assets.

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

- Approves the Council's Trustee Annual Reports (TARs) and Annual Accounts for 2022/23.**
- Authorises the Council's Finance Team to submit the TARs and Annual Accounts to the Charity Commission by 31st January 2024.**

28. COMPANIES PERFORMANCE UPDATE - WINTER 2023

The Executive Member for Commercial and Community Assets, Councillor Andrew King and Chair gave the Executive Sub-Committee introduced the Companies Performance Update – Winter 2023.

The report provided an overview of the performance of the companies currently owned, or part owned, by the Council. The current operational companies are Greensand Holdings Limited, Horley Business Park Development LLP and Pathway for Care Limited.

Considering these companies in turn:

- Preparations are underway in anticipation of Greensand Holdings Limited being dissolved in an orderly manner. The Council is continuing to work with the company's directors to ensure that the company's affairs are properly managed and to review its future strategy. The company's assets are continuing to be managed with options for their future use being reviewed.
- Horley Business Park Development LLP is on track to be dissolved by way of a Members Voluntary Liquidation, with a plan to resolve its financial affairs currently being implemented. Interest owed by the LLP to the Council is impaired in the Council's accounts to reflect the risk of credit loss.
- There is an ongoing commercially sensitive dialogue with the majority shareholder in Pathway for Care Limited, with it considered likely that the company will be forced into administration unless a negotiated settlement can be reached. The most recent company accounts received by the Council for the year to 31 December 2022 do not have a valid audit opinion and show that the company is technically insolvent. The redemption date of 23 April 2023 for the Council's £1.1 million of preference shares in the company has not been honoured.

More information on the details of these company arrangements was available in the confidential Part 2 section of the report.

Whilst the performance of these companies is not as was originally envisaged when they were created, and is in some cases markedly unsatisfactory, every effort is being made to ensure that current situations are effectively managed to secure best available value for the Council, the borough and its residents.

It was noted that the Council also owns RBBC Limited, created to preserve the company name in case of future need. Options for the future of this company are being developed for consideration by this Sub-Committee.

This report was considered by the Overview and Scrutiny Committee at its meeting on 7 December 2023. The Committee did not make specific observations for this Sub-Committee but asked that we take account of the discussion at the meeting the previous week.

There were no questions from Executive Members.

Visiting Members were invited to ask any questions. None were forthcoming in the public session. The Sub-Committee agreed to go into Part 2 Exempt session to discuss the Exempt report.

After discussion in Part 2, the Sub-Committee returned to public session, and it was agreed that:

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

- (i) **Notes the Companies Performance Update, as set out in the report and the Exempt report and considers the observations from the Overview and Scrutiny Committee as set out in the Addendum Draft O&S Minute.**

29. PROPERTY PORTFOLIO PERFORMANCE QUARTER 2 2023/24

The Executive Member for Commercial and Community Assets, Councillor Andrew King, gave an overview of the Property Portfolio Performance Quarter 2 2023/24

The Exempt Annex to the report in Part 2 of the agenda comprised a report on the performance of the Council's commercial portfolio of retail office and industrial assets as at the end of Quarter 2 this financial year.

It was noted that the report now covered all of the commercial properties in the Council's portfolio. It included data on budgeted income broken down by sector, projected income streams over the next five years, and comparisons against comparable market sectors in terms of yields and void rates.

In addition, the report considered current and near-future portfolio-specific opportunities and threats, as well as wider market or legislative issues that have implications for the portfolio.

There were no further questions from Members of the Committee.

Visiting Members were invited to ask any questions. None were forthcoming in open session. The Sub-Committee agreed to go into Part 2 Exempt session to discuss the Exempt report and Annex.

After Part 2 discussions, the meeting then returned to public session and it was agreed:

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

- (i) **Receives the Property Portfolio Performance Quarter 2 2023/24 Report and Exempt report and Annex and provides any feedback.**

30. 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
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exempt Part 2 discussion took place for Item 5 – Companies Performance Update – Winter 2023 and Item 6 – Property Portfolio Performance Quarter 2 2023/24 and are reflected in the Exempt Minutes.

31. ANY OTHER BUSINESS

There was no other business discussed.

The Meeting closed at 7.15 pm