

Follow Up Questions from Overview & Scrutiny 06 July 2023

See meeting information here:

[Agenda for Overview and Scrutiny Committee on Thursday, 6th July, 2023, 7.30 pm | Reigate and Banstead Borough Council \(moderngov.co.uk\)](#)

Agenda Item 6

Reigate & Banstead 2025 Annual Report 2022/23

Question 2 – Objectives – Place - Members requested information on the vacancy rates in town centres and actions taken to combat the vacancies.

Written Answer

Vacancy rates in our town centres and village shopping parades are low in terms of the national average. Retail insight reported that the national retail vacancy rate was 13.8% at the end of last year and is the same for Q1. 2023/24.

Local vacancy rates in town centres and local shopping parades are reported on an annual basis through these published documents:

Town centre monitor: https://www.reigate-banstead.gov.uk/info/20088/planning_policy/1102/plan_monitoring/5

Local centre monitor: https://www.reigate-banstead.gov.uk/info/20088/planning_policy/1102/plan_monitoring/6

Several Council Service areas undertake work that contribute to keeping vacancy rates low. Neighbourhood Service and Green Spaces maintain a clean and pleasant environment. Community Partnership help to ensure that the spaces are safe. Economic Prosperity work with local business stakeholders to understand and address their needs and work with local agents with regards to their marketing activities. They also deliver a social media campaign to encourage residents to 'shop local'. Colleagues in Regeneration have delivered a significant project in Redhill and are in the process of delivering a number of important schemes in Horley.

Agenda Item 7

Capital Investment Strategy

Question 3 – Capital Assets - Members requested information on the net yield from the assets listed in the report, together with the portfolio total gross and net yield.

Written Answer

Table 3: COUNCIL ASSETS: NET RETURNS			Valuation at 31 March 2023	Budgeted Rent	Net Rental Yield
Asset Name	Asset Type	Price Paid	£m	£m	2022/23
		£m/Year			
Units 1-5 Redhill Distribution Centre, Salfords	Industrial / warehousing	£15m (2018)	15.882	0.833	5.58%
Regent House, Queensway, Redhill	Offices	£15.35m (2018)	11.983	0.881	5.70%
Warwick Quadrant, Redhill	Retail / library / theatre	£2.4m for half-share of freehold (2005)	7.059	0.305	4.31%
Travelodge, Redhill	Hotel	£5.0m (2017)	5.763	0.317	5.93%
Linden House , 51b High Street, Reigate	Retail / gym	£4.7m (2014)	4.939	0.333	5.23%
Forum House, Brighton Road, Redhill	Offices	£5.53m (2017)	5.072	0.330	4.85%
Beech House, Reigate ³	Offices	£6m (2017)	3.789	-	-
1,3,4,6,14-16 and 20 Reading Arch Road, Redhill	Industrial	£0.045m for larger site including these properties (1972) plus asset subsequent purchases	2.959	0.115	4.66%
Unit 61E, Albert Road North	Industrial / warehousing	£0.950m (2018)	1.895	0.089	4.64%
55-63 Victoria Road, Horley	Restaurant / library / retail	Leaseback from Thames Valley Housing Association following sale in 2013 of	1.019	0.070	7.25%

Table 3: COUNCIL ASSETS: NET RETURNS					
Asset Name	Asset Type	Price Paid £m/Year	Valuation at 31 March 2023 £m	Budgeted Rent £m	Net Rental Yield 2022/23
		former Council-owned office building (2015)			
1-4 Quarrydene Parade/Hearthstone, Merstham	Retail / residential	£0.017m for larger site including this property (1950)	1.056	0.084	6.61%

7 September 2023 – Supplementary Question

A further question was asked regarding this response on 7 September 2023. Members asked to receive a response on the net return on the portfolio over a period of time, ie the price paid for the asset plus any additional capital expenditure costs for upkeep; and the revenue generators minus operational costs.

Written Answer

The requested information is set out in the table below.

Members are asked to note that this is a bespoke analysis, prepared for the purpose of responding to this question, and is not consistent with how information would typically be reported by a local authority. Also that routine expenditure on upkeep of assets has been excluded because it is not recorded as capital expenditure (CIPFA Code of Practice on Local Authority Accounting).

COUNCIL ASSETS: NET INCOME AND YIELD¹		Purchase Price Plus Capital Expenditure at 31/03/23²	Net Income / (Operating Cost) 2022/23	Net Income Compared to Purchase Price Plus Capital Expenditure 2022/23
Asset Name	Asset Type	£m	£m	%
Units 1-5 Redhill Distribution Centre, Salfords	Industrial / warehousing	15.902	0.884	5.56%
Regent House, Queensway, Redhill	Offices	16.313	0.683	4.18%
Warwick Quadrant, Redhill	Retail / library / theatre	11.598	0.304	2.62%
Travelodge, Redhill	Hotel	5.000	0.336	6.71%
Linden House , 51b High Street, Reigate	Retail / gym	4.942	0.258	5.23%
Crown House, Redhill ³	Offices	2.150	0.178	8.27%
Forum House, Brighton Road, Redhill	Offices	6.067	0.246	4.05%
Beech House, Reigate	Offices	6.305	(0.105) ⁴	(1.67)%
1,3,4,6,14-16 and 20 Reading Arch Road, Redhill	Industrial	1.000	0.135	13.48%
Unit 61E, Albert Road North	Industrial / warehousing	1.195	0.088	7.37%
55-63 Victoria Road, Horley ⁵	Restaurant / library / retail	Not available ⁵	0.062	Not available ⁵
1-4 Quarrydene Parade/Hearthstone, Merstham	Retail / residential	8.374	0.070	0.83%

Notes

1. The majority of assets listed are not held solely for the purpose of generating returns.
2. Representing the price paid for the asset plus subsequent capital expenditure on upkeep.
3. Asset owned by Greensand Holdings Limited.

4. Building vacant pending a decision on future use; therefore no income received.
5. Site leased from a housing association on a 999 year lease in 2015; RBBC then developed 12 flats plus commercial units and sold a 999 year lease on the flats to the housing association. Net income is for the retained commercial units. Original build cost records were not apportioned between the flats and the commercial units.

Question 4 – Capital Assets – The assets listed had been classified under the CIPFA Code of Practice for preparing the statement of accounts. Members requested an explanation of the basis for the classifications.

Written Answer

Asset classification is the process adopted when assigning assets into accounting groups based on common characteristics. Classifications are determined through the application of accounting rules and conventions as specified in the CIPFA Code of Practice on Local Authority Accounting.

Table 2: SIGNIFICANT ASSETS AT MARCH		
Asset Name	Statement of Accounts Classification	Basis for Classification
Land & Premises, Market field Way, Redhill	Property, Plant & Equipment	Assets held for operational use in the delivery of services
Donyngs Sports Centre		
Tadworth Sports Centre*		
Horley Leisure Centre*		
Cromwell Road Development		
Harlequin Theatre, Redhill		
Warwick Quadrant, Redhill		
Town Hall Middle Block, Reigate		
Travelodge, Redhill		
Earlswood Depot		
Linden House, High Street, Reigate (Aviva)		
Town Hall Main Building, Reigate		

Table 2: SIGNIFICANT ASSETS AT MARCH Asset Name	Statement of Accounts Classification	Basis for Classification
1,3,4,6,14-16 and 20 Reading Arch Road, Redhill		
Banstead Centre*		
Agricultural Land (Various)		
61E Albert Road North, Reigate		
Bancroft Road Multi Storey Car Park, Reigate		
Gloucester Road Car Park, Redhill		
64, Massetts Road, Horley		
Bell Streetcar Park, Reigate		
1-4 Quarrydene Parade/1-10 Hearthstone, Merstham		
Priory Park, Reigate		
Forum House, Brighton Road, Redhill	Investment Property	Assets held solely for rental income and/or capital appreciation reasons.
Units 1-5 Redhill Distribution Centre, Salbrook Road, Salfords		
Regent House, Queensway, Redhill		
Forum House, Brighton Road, Redhill		
55-57, 59, 61 & 63 Victoria Road, Horley		
Beech House, London Road, Reigate		
Madeira Walk Sandpit, Reigate	Property Plant & Equipment – Surplus Assets	Assets that have no operational or planned use but where a decision whether to dispose has not been made.
Former Scouts site, Thornton Close, Horley		

* Asset name updated to reflect O&S Member feedback

Question 5 – Capital Assets – Members asked for an explanation for why table 2 included entries for both the Tadworth Centre and the Banstead Sports Centre.

Written Answer

As shown in the table above in response to Question 4, the entries for these assets have been amended to Tadworth Sports Centre and Banstead Centre.

The following question was asked within the private session of the meeting. However, the response was not deemed to contain exempt information, therefore, the question and response can be published with the other questions asked during the meeting.

Agenda Item 1

Minutes EXEMPT

Question 6 – Lee Street – Members requested a comparison of the costs for Lee Street to bed and breakfast costs.

Written Answer

The four, one-bedroom units are used as temporary accommodation for single homeless applicants that require support.

The forecasted Capital budget outturn of delivery of the 4 units is £852,960 of which £190,000 came from Homes England Grant and £662,960 from S.106 reserves. Therefore, there is no ongoing revenue budget cost (borrowing) for developing the accommodation.

RBBC charge a social rent of £110 per week for each unit in Lee Street and annual income is therefore forecast to be £23,000 if recovered at 100% with no voids.

Depending on the availability of nightly paid bed & breakfast (also known as emergency accommodation) and whether the applicant requires self-contained or shared facility accommodation, the nightly rate cost to the Council is between £45 and £87. The amount

current regulations allow RBBC to charge as rent for this accommodation varies between each area where the placement is made and is limited due to Housing Benefit subsidy levels, as a guide the rates are usually between £140 and £170 per week.