

BOROUGH OF REIGATE AND BANSTEAD

EXECUTIVE

Minutes of a meeting of the Executive held at the New Council Chamber - Town Hall, Reigate on 27 February 2020 at 7.30 pm.

Present: Councillors M. A. Brunt (Leader), T. Schofield (Deputy Leader), R. H. Ashford, R. Biggs, N. J. Bramhall, A. C. J. Horwood, E. Humphreys, G. J. Knight and V. H. Lewanski.

Also present: Councillors M. S. Blacker, J. C. S. Essex, N. D. Harrison, S. A. Kulka, N. C. Moses, R. Ritter and P. Harp.

91. MINUTES

RESOLVED that the minutes of the Executive meeting held on 30 January 2020 be approved as a correct record and signed.

92. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Archer.

93. DECLARATIONS OF INTEREST

There were none.

94. MOTION FROM COUNCIL: FAIRTRADE

The Executive Member for Place and Economic Prosperity, Councillor Humphreys, introduced the report which set out the actions available to the Council in relation to Fairtrade. The report followed a motion to Full Council presented by Councillor Ritter in October 2019. Councillor Humphreys explained that the Council's support for Fairtrade would need to be balanced against delivery of other Council priorities recently agreed in the new Corporate Plan. He stated that the Council should support local groups that wished to pursue 'Fairtrade Town' status, but that interested groups would need to lead on that.

The Council would start to offer Fairtrade refreshment options in its offices where possible, noting that there was likely to be some additional cost which would need to be absorbed within existing revenue budgets.

Consideration would also be given to enhancing references to social value within the Council's procurement documentation. This would make it easier for the Council to consider the use of local suppliers.

The Leader of the Council thanked officers for the work that had been done on Fairtrade, and the Fairtrade Town Steering Group whom had attended the Council in October to offer advice and support.

In response to observations from Visiting Members, it was noted that:

- The Council was keen to support Fairtrade initiatives

- The Steering Group had worked closely with Reigate Business Guild, which was supportive of the initiative
- The recommendations met the requirements of 'Fairtrade Town' status
- A written response would be provided to a Visiting Member on the differences between the motion to Full Council and the recommendations set out in the report

RESOLVED that:

1. The Council supports Fairtrade and welcomes initiatives by local communities in the Borough to encourage the use of Fairtrade goods, including by seeking to achieve Fairtrade Town status.
2. The Council offers Fairtrade refreshment options within Council offices where possible, and explores opportunities to offer such products at other Council venues.
3. The Head of Legal and Governance be requested – in consultation with the relevant Executive member – to consider enhancing references to social value within the Council's procurement documentation.

Reason for decision: To confirm the Council's support for Fairtrade and ethical sourcing, and its support for local communities pursuing local initiatives to encourage the use of Fairtrade products.

Alternative Options:

Support the motion as presented to Full Council in October 2019. This option was not recommended, as (i) it would go above and beyond what the Council was able to do; and (ii) the resources required to fully implement the motion would have been considerable and required staff or funding to be diverted from the delivery of agreed corporate priorities.

Do not support a motion in respect of Fairtrade. This option was not recommended. The Council have a responsibility to support and promote sustainable development and consider social value, and whilst the amended motion would have some limited cost implications these are considered acceptable.

95. AGREE A CHANGE OF TENURE MIX AND ENTERING INTO A BUILD CONTRACT FOR THE PITWOOD PARK DEVELOPMENT

The Executive Member for Housing and Benefits, Councillor Knight, introduced the report and explained that the Pitwood Park Development was an important regeneration opportunity for the Council-owned site. The site had previously been identified by the Executive as a priority site for meeting local housing need. Due to an indefinite postponement to Starter Homes secondary legislation by Central Government, the tenure mix previously agreed in April 2018 needed to be revised.

Councillor Knight thanked officers for their hard work and Executive Members for their patience throughout the project.

In response to an observation from a Visiting Member it was confirmed that the Pitwood Park Development site is in the Tattenham Corner and Preston Ward and

not in the Lower Kingswood, Tadworth and Walton Ward as was shown on the report.

The Leader of the Council advised that there was an exempt report relating to this item, at item 12. Item 5 was adjourned so that the exempt information relating to the item could be considered under item 12.

During the exempt discussion, the following issues were considered:

- Future amendments to the tenure mix
- Staff resources
- Matters in relation to the Housing Association

On consideration of the information at item 12, the Executive returned to the recommendations at item 5 and;

RESOLVED that:

1. The updated forecast expenditure and income for the scheme be accepted and approved.
2. The Head of Housing be authorised in consultation with:
 - Head of Finance
 - Head of Legal and Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance
 - Executive Member for Investments and Companies
 - a) To enter into a contract to build with the recommended contractor.
 - b) To appoint and enter into contracts (as required) with any remaining consultants or suppliers to allow the contract to progress to completion including unit sales.
 - c) Enter into an agreement with the chosen Housing Association for the transferral of affordable housing units.
 - d) To amend the tenure mix at a later stage (as required) with up to a maximum of 100% of the scheme being retained by the Council with a condition that the scheme expenditure remains within the approved capital budget of £6,448,000 as detailed within the exempt report in Part 2 of the agenda.
3. The Head of Housing be authorised in consultation with:
 - Head of Legal & Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance
 - Executive Member for Investment and Companies
 - a) To enter into any Easements, Licences, Covenants or Wayleaves as required on the development.
 - b) Complete Party Wall agreements as required on the development.
 - c) Authorise the sale of new homes on this development

Reason for decision: In April 2018 the Executive approved a report seeking permission to proceed with a mixed tenure development of 25 houses and flats together with associated external works at Pitwood Park. The report provided information on the projected financial return to be expected from the sale of the new homes. Starter Homes secondary legislation from Central Government has not been issued and, as a result, a revised tenure mix is required on this project. It is also necessary and prudent to reflect a revised financial position as there was a number of assumptions within the previous appraisal which required updating. The recommended approvals were now required to facilitate the delivery of this project. The delivery of the project meets the Corporate priority of making the Borough a great place to work and live. It also supports the Executive's commitment to deliver housing that meets the needs of local people, as 11 of the dwellings on this site are proposed to be sold via a Housing Association partner on a shared ownership basis.

Alternative options:

Proceed with the development based on a different shared ownership/sale ratio. This was not the recommended option because the risk profile and costs were both higher for the Council.

Not proceed with the development. This was not the recommended option as the original building on this site had been demolished and the site is vacant. Not proceeding would have detracted from our regeneration aims and may also have led to the Council incurring reputational damage with the public, as well from contractors who had tendered for this development opportunity.

96. AGREE TO ADDITIONAL FUNDING AND SEEK DELEGATED AUTHORITY TO PROGRESS THE PLANNING AND BUILD STAGES OF THE LEE STREET DEVELOPMENT

The Executive Member for Housing and Benefits, Councillor Knight, introduced the report which sought authority to progress the planning and build stages of the Lee Street Development.

Councillor Knight noted that several proposals had historically been undertaken for the site, providing designs for a variety of different construction methods. There had been no appetite to continue with a "structural insulated panels system" (SIPS) design and therefore a revised scheme in a more traditional brick-build design had been proposed. Regardless of the higher construction costs for the scheme, it would have been necessary to request an increase in budget to accommodate the increase to the SIPS build costs, and for professional costs not detailed previously to the Executive.

The Leader of the Council advised that there was an exempt report relating to this item, at item 13. Agenda item 6 was adjourned so the exempt information relating to the item could be considered under item 13.

During the discussion on exempt information, the following issues were considered:

- The financial appraisal of the scheme
- The wider benefits of the proposed development

Following consideration of the information at item 13, the Executive returned to item 6 and;

RESOLVED that:

1. The updated capital scheme forecast including the allocation of a further £234,000 Section 106 funding be accepted and approved.
2. The Head of Housing be authorised in consultation with the:
 - Head of Finance
 - Head of Legal and Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance
 - Executive Member for Investment and Companies
- a) To enter into a contract to build with the recommended contractor (further to a successful outcome at Planning Committee and a compliant tender process), subject to a planning consent being granted and costs falling within the approved capital budget detailed within the exempt report in Part 2 of the agenda.
b) To appoint and enter into contracts (as required) with any remaining consultants or suppliers to allow the contract to progress to completion.
3. The Head of Housing be authorised in consultation with the:
 - Head of Legal & Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance
 - Executive Member for Investment and Companies
- a) To enter any Easements, Licences, Covenants or Wayleaves relating to the development.
b) Complete Party Wall agreements as required on the development
c) Authorise new leases granted or entered into by the Council on this development.

Reason for decision: The scheme presented to Executive in June 2018 was deferred at Planning Committee in October 2019. Further dialogue between Members and Officers highlighted that an increase to unit sizes to meet National Space Standards, and a more traditional construction approach would be favoured. These amendments have been made and agreement is now sought from Executive to approve the updated scheme budget and a further Section 106 funding allocation of £234,000 in order to see the project through to practical completion and proceed with the development process, subject to planning permission being achieved on the revised design.

Alternative options:

Revert to the previous position of delivering the units via a SIPS system. This was not a recommended option as re-designing the scheme to meet National Space Standards in this built form would have incurred further architectural fees, and the Council would have incurred a further time delay which might have led to additional inflationary costs.

Not proceed with the development. This was not a recommended option as the site was sitting vacant and could have been better utilised for housing purposes. Not proceeding would have incurred reputational damage with the public as well given that this site had been promoted historically.

97. AGREE A REVISED BUDGETARY BASELINE POSITION & ENTERING INTO A BUILD CONTRACT FOR THE CROMWELL ROAD DEVELOPMENT

The Executive Member for Housing and Benefits, Councillor Knight, introduced the report which confirmed the updated capital budget forecast for the Cromwell Road Development and sought to enter into a build contract with the recommended contractor to deliver the project.

Councillor Knight explained that Cromwell Road was an important regeneration opportunity, and that the financial forecasts presented when approval was given by the Executive to proceed with the development had been reconsidered. This was because certain assumptions that had been used were no longer supportable. Councillor Knight explained that there had been a potential increase in build costs received. This increase had been put forward by the contractor, in October 2019, as the tender validity period had expired. The project remained within the budgetary envelope.

In response to observations from Visiting Members, it was confirmed that:

- The approved capital budget was £10,107,300, and that the approved budget was incorrectly shown as £6,448,000 in recommendation 4.
- The ability to amend the tenure mix at a later stage would be used if considered beneficial to both the Council and residents.

The Leader of the Council advised that there was an exempt report relating to this item, at item 14. Agenda item 7 was adjourned so that the exempt information relating to the item could be considered under item 14.

During the discussion on exempt information, the following issue was considered:

- The scheme costs

Following consideration of the information at item 14, the Executive returned to item 7 and;

RESOLVED that

1. The updated capital budget forecast be accepted and approved.
2. The Head of Housing be authorised in consultation with the:
 - Head of Finance
 - Head of Legal & Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance; and
 - Executive Member for Investment and Companies

To enter into a contract to build with the recommended contractor.

3. To appoint and enter into contracts (as required) with any remaining consultants or suppliers to allow the contract to progress to completion including unit sales.
4. To amend the tenure mix at a later stage (as required) with up to a maximum of 100% of the scheme being retained by the Council with a condition that the scheme expenditure remains within the approved capital budget of £10,107,300 as detailed within the exempt report in Part 2 of the agenda.
5. The Head of Housing be authorised in consultation with the:
 - Head of Legal & Governance
 - Executive Member for Housing & Benefits
 - Executive Member for Finance; and
 - Executive Member for Investment and Companies
 - a) To enter any Easements, Licences, Covenants or Wayleaves as required on the development.
 - b) To Complete Party Wall agreements are required on the development.
 - c) Authorise new leases granted or entered into by the Council on the development.
 - d) Authorise the sale of new homes on the development.

Reason for decision: The baseline financial forecast for the scheme, as presented to the Executive in April 2018 was no longer considered to be an accurate forecast of delivery costs. An exercise to rebaseline the project has been undertaken and a summary of the position was within the exempt report in Part 2 of the agenda. Should the revised baseline be considered acceptable the recommended approvals were required to facilitate the delivering of this project. Delivery of this project would meet the Corporate priority of making the Borough a great place to work and live. It also supports the Executive's commitment to deliver housing that meets the needs of local people, as half of the dwellings on this site were proposed to be sold on a shared equity arrangement.

Alternative options:

Take a purely commercial approach and sell more units for market sale to generate an increased profit margin. This was not a recommended option as the Council was in the position to use its property activities not only to generate profit but also to contribute to wider social and environmental objectives.

Not proceed with the development. This was not a recommended option as the original building has been demolished and the site is sitting vacant. Not proceeding may lead to reputational damage with the public as well as the contractors who have tendered for this development opportunity.

98. OVERVIEW AND SCRUTINY COMMITTEE: PROPOSED WORK PROGRAMME 2020/21

The Chair of the Overview and Scrutiny Committee, Councillor Harrison, introduced the proposed Overview and Scrutiny Work Programme for 2020/21. The Overview and Scrutiny Committee would consider relevant strategies, Portfolio Holder objectives, updates from Executive, performance management and crime and disorder, as in previous years.

Councillor Harrison noted that the Governance Task Group would be considering how audit arrangements should be dealt with by the Council. The proposed Work Programme assumed audit functions would continue to remain within the remit of the Overview and Scrutiny Committee. If this changed, these activities would be removed from the Work Programme.

The Leader of the Council expressed his support for the proposed Work Programme and thanked the Committee for the work it had undertaken this year.

RECOMMENDED: that the Overview and Scrutiny Work Programme for 2020/21 be approved by Council.

Reason for decision: To agree a work programme for the Overview and Scrutiny Committee for the 2020/21 Municipal Year.

Alternative options:

The Executive request that the Overview and Scrutiny Committee reconsiders the work programme.

99. STATEMENTS

There were none.

100. ANY OTHER URGENT BUSINESS

There was none.

101. EXEMPT BUSINESS

RESOLVED that members of the press and public be excluded from the meeting for agenda items 12 (Pitwood Park Development - Exempt), 13 (Lee Street Development – Exempt) and 14 (Cromwell Road Development – Exempt) under Section 100A(4) of the Local Government Act 1972 on the grounds that:

1. it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
2. the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

102. EXEMPT REPORT - ITEM 5 - PITWOOD PARK DEVELOPMENT

RESOLVED that the exempt information in relation to the Pitwood Park Development be noted.

103. EXEMPT REPORT - ITEM 6 - LEE STREET DEVELOPMENT

RESOLVED that the exempt information in relation to the Lee Street Development be noted.

104. EXEMPT REPORT - ITEM 7 - CROMWELL ROAD DEVELOPMENT

RESOLVED that the exempt information in relation to the Cromwell Road Development be noted.