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<b>TO</b>	Commercial Ventures Executive Sub-Committee
<b>DATE</b>	Wednesday, 17 July 2019
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Investment and Companies

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

<b>SUBJECT</b>	Overview of the Council's Investments - July 2019
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<b>EXECUTIVE SUMMARY</b>
This report sets out an overview of information to date regarding the Council's property investments and assets, with particular reference to the Companies Performance Update considered by the Executive in March 2019, and the Council's Property Asset Register dataset.
This information is a starting point for future work, and will be expanded and supplemented as the Council develops its commercial investment strategy and approach.
There is additional confidential supporting information set out in the exempt section of this agenda.
<b>RECOMMENDATIONS</b>
<b>To note the overview of the Council's investments, as set out in the report.</b>
<b>REASONS FOR RECOMMENDATIONS</b>
To consider the information regarding the Council's current investments, to support future work on the Council's commercial approach and investment strategy.
<b>The Commercial Ventures Executive Sub-Committee has authority to approve the above recommendations.</b>

## **STATUTORY POWERS**

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence to do anything that individuals generally may do, where this is not prohibited by other legislation. This includes the power to set up alternative delivery vehicles to exercise its powers and duties.
2. Section 4 of the Localism Act 2011 stipulates that where in the exercise of the general power a local authority acts for a purely commercial purpose, the authority must do so through a company.
3. Companies and the rights of shareholders are governed by the Companies Act 2006.
4. Paragraph 35 of the Local Government Transparency Code requires all local authorities to publish details of all land and building assets on an annual basis, subject to those exceptions detailed in the code.

## **KEY INFORMATION**

5. The Council holds a number of investments and assets, including both property assets and shareholdings in a small number of companies.
6. The Council also maintains a portfolio of treasury management investments which are not detailed in this report, but which are considered as part of the Council's service and financial planning process and in the development of related strategies.
7. Council assets are generally maintained with regard to providing a benefit to the borough and its residents. This may include an aspect of providing a financial return to the Council, which will then be used to support the delivery of Council services.

### **Property**

8. The Council holds land and building assets that were valued at £110.4 million in its balance sheet at 31 March 2019. They include properties maintained purely for the benefit of the local area plus a portfolio of investment assets held to generate a revenue budget income stream.
9. In line with the requirements of the Local Government Transparency Code, as referenced in the Statutory Powers section of this report, the Council publishes an Asset Register dataset on an annual basis.
10. The Council's Asset Register dataset is attached as Annex 1 to this report.
11. Additional work is being undertaken to develop Council's internal management information and reporting with regard to its property investment assets. This work will set out relevant detail regarding investment properties in order to support enhanced investment portfolio management and effective consideration of related investment opportunities by this Sub-Committee.

### **Companies**

12. The Council also owns, or part-owns, a number of companies. These form a much smaller part of the Council's investments than its property assets.
13. Of these, the Council wholly owns Greensand Holdings Ltd and RBBC Ltd, and is a shareholder in Pathway for Care Limited and Horley Business Park Development

LLP.

14. An update on the performance of these companies was considered and noted by the Overview and Scrutiny Committee and Executive in March 2019. This update is attached as Annex 2 to this report.
15. Additional exempt information on the performance of these companies was also considered and noted by the Overview and Scrutiny Committee and Executive in March 2019. This information accompanies the exempt report set out in the exempt section of this agenda.
16. Additional information on the performance of companies owned or part owned by the Council will be considered once this information becomes available.

## **OPTIONS**

17. **Option 1:** To note the overview of the Council's investments, as set out in the report. This is the recommend option as it will support the future work of the Commercial Ventures Executive Sub-Committee.
18. **Option 2:** To note the overview of the Council's investments, as set out in the report, and request additional information to assist consideration of this overview. This option is not recommended as it may delay preparation of updated information which would supersede the additional information requested.

## **LEGAL IMPLICATIONS**

19. There are no direct legal implications arising from the recommendations set out in this report.
20. In exercising its general power of competence, a local authority is still subject to its general duties (such as the fiduciary duty it owes to its rate and local tax payers and to the public law requirements to exercise the general power of competence for a proper purpose).

## **FINANCIAL IMPLICATIONS**

21. There are no direct financial implications arising from the recommendations set out in this report.
22. As the Council develops its commercial investment strategy and approach, all associated financial implications will be considered as part of any related decisions.

## **EQUALITIES IMPLICATIONS**

23. There are no direct equalities implications arising from the recommendations set out in this report.
24. The Council has a Public Sector Equality Duty under the Equality Act 2010, and will have due regard for this in developing its commercial investment strategy and approach.

## **COMMUNICATION IMPLICATIONS**

25. There are no direct communication implications arising from the recommendations set out in this report.
26. As identified in the Commercial Governance Framework, the Commercial Ventures 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 where applicable.

## **RISK MANAGEMENT CONSIDERATIONS**

27. There are no direct risk management considerations arising from the recommendations set out in this report.
28. Any commercial ventures and investment activities contain an element of risk, and the Council shall have regard to these in developing its commercial investment strategy and approach, including consideration of the Council's Commercial Governance Framework.

## **POLICY FRAMEWORK**

29. The recommendations of this report are not in conflict with the Council's Policy Framework.
30. All actions undertaken by the Council shall have regard to the objectives of the Council's Corporate Plan and supporting policy framework, unless otherwise specified by statute.