



<b>Signed off by</b>	Commercial and Investment Director
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<b>To</b>	Overview and Scrutiny Committee
<b>Date</b>	Thursday, 21 January 2021
<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>	Constitution of Commercial Strategy Scrutiny Panel
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<b>Recommendations</b>
<ol style="list-style-type: none"> <li>1. To agree the membership of the Commercial Strategy Scrutiny Panel and the timetable for scrutiny of the Commercial Strategy Part 2 as set out in the report;</li> <li>2. To agree the scope of the Commercial Strategy Scrutiny Panel's work during 2021.</li> </ol>
<b>Reasons for Recommendations</b>
To review and to give feedback on the Council's new Commercial Strategy Part 2.
<b>Executive Summary</b>
To consider the membership, timetable and scope of the work of the Commercial Strategy Scrutiny Panel during 2021.

<b>Statutory Powers</b>
<ol style="list-style-type: none"> <li>1. The Localism Act 2011 introduced the General Power of Competence, which allows local authorities to operate more commercially, and undertake a range of different business ventures.</li> </ol>

## Background

2. The Overview and Scrutiny Committee scrutinised the Commercial Strategy Part 1 at its meeting on 9 December 2020. It noted the Commercial Strategy Part 1 as approved by the Executive at its meeting on 19 November 2020.
3. Members also made their observations to the Portfolio Holder for Investment and Companies on the Commercial Strategy Part 1 and supported the ongoing development of Part 2 of the Commercial Strategy.
4. The Portfolio Holder for Investment and Companies asked the Overview and Scrutiny Committee to constitute a Scrutiny Panel to scrutinise the Commercial Strategy Part 2.
5. Part 2 of the Commercial Strategy will provide more detail about the implementation of commercial activity, particularly investment activity and include issues such as setting targets in terms of assets and yields. Once developed, the intention is that Part 2 will be regularly updated to take account of market conditions, project progress and corporate financial projections.
6. The aim of the Commercial Strategy is to deliver the Council's corporate priorities, as set out in Reigate & Banstead 2025, to generate surplus income which can then be reinvested into providing frontline services for our residents.
7. Having an approved Commercial Strategy will ensure that the Council takes commercial decisions in a clear, consistent and effective way, and in a manner consistent with corporate objectives and its statutory responsibility to promote economic, environmental and social wellbeing in the borough.

## Membership

8. The Budget Scrutiny Review Panel is a 5 Member panel. The political proportionality requirements do not apply to scrutiny panels. However, the Committee has always sought to apply the principles. Therefore, this year's membership is as follows:

Conservative	3
Residents' Association	TBC
Green	TBC
Liberal Democrat	TBC

9. Meetings of the Panel are open to any Councillor to attend.
10. The nominations to the Panel will be confirmed at a later meeting of Overview and Scrutiny.

## Timetable

The indicative timetable for scrutiny of the Commercial Strategy Part 2 for 2021/22 is as follows:

Event	Date
Leader's Meeting: To consider and discuss draft Commercial Strategy Part 2.	March 2021
O&S Commercial Strategy Scrutiny Panel: To consider and review draft Commercial Strategy Part 2 and provide any comments and recommendations to the Executive for consideration.	April 2021
Executive: To consider the recommendations of the Commercial Strategy Scrutiny Panel on the Commercial Strategy Part 2 2021/22, approve the strategy and make recommendations to Full Council.	June 2021
Full Council: To consider the Commercial Strategy Part 2 2021/22.	July 2021

It should be noted that this indicative timetable is subject to change, with regard to developing circumstances and the need to respond to the ongoing Coronavirus pandemic.

## Terms and References of Scrutiny Panel

The Terms of Reference of the Commercial Strategy Scrutiny Panel will be as set out in the attached Terms of Reference in Annex 1.

## Role of the Panel

11. The Panel's activity will therefore focus on considering and responding to the Commercial Strategy Part 2 2021/22. This is expected to focus on providing an opportunity for Panel members to review the developing proposals, raise questions, receive written responses and have an opportunity to meet to discuss them. The panel's views will be sought in particular on ensuring that Part 2 of the Strategy is consistent with those principles set out in Part 1, along with the Council's wider goals as set out the Corporate Plan, Reigate & Banstead 2025.

## Legal Implications

12. There are no direct legal implications associated with the approval of the Commercial Strategy, although the Strategy notes that work to review and improve

our contract management procedures and practices will help ensure these contribute to our Commercial Strategy.

13. The Strategy explains that any commercial decisions will be based on a robust assessment of the business case and appropriate due diligence. Where the relevant specialist skills do not exist within the organisation, external legal advice may be taken to inform this process.

### **Financial Implications**

14. Securing a robust financial future for the Council is the objective that is driving the Council's commercial activity.
15. The Commercial Strategy provides more information about the parameters that will guide the Council's commercial investment activity. It is intended to be read in conjunction with the Capital Investment Strategy 2021/22 that was approved by Executive in July 2020 and sets out an overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of council services.
16. Further information about the budgetary implications of implementation of the Commercial Strategy in future years is set out in the Service and Financial Planning 2021/22 report which was also considered by the Executive at its meeting on 19 November 2020 and in the Budget 2021/22 report to Executive on 28 January 2021.

### **Equalities Implications**

17. Under the Equality Act 2010, we have a duty to have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other prohibited conduct; and advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not share it. This duty applies to all decisions made in the course of exercising the Council's public functions.
18. The Commercial Strategy Part 2 does not have any direct implications for staff, residents or other service users including those with protected characteristics. Rather it sets out broad parameters for the delivery of commercial activity by the Council.
19. The requirement for equality impact to be assessed is incorporated within the Council's Project Management Framework. It will be important that the equality impacts of individual commercial projects are fully considered and that, in developing proposals, consideration is given to how positive impacts can be increased for those with protected characteristics, as well as how negative impacts can be reduced.

### **Communication Implications**

20. The Commercial Strategy will be publicly available on the Council's website once approved.

## **Risk Management Considerations**

21. The future financial sustainability of the Council is an identified risk on the Strategic Risk Register. The risk register recognises that the Council is expecting to be increasingly reliant on income from fees, charges and its treasury and commercial investments. It identifies a range of mitigating action, including ensuring that the Council continues to invest in skills and expertise to support delivery of the Council's financial and commercial objectives while managing associated risks.

## **Consultation**

It is anticipated that the members of the Commercial Strategy Scrutiny Panel will consult with the wider membership of the Overview and Scrutiny Committee in the course of their work and will incorporate these elements into their findings for consideration by the Executive.

## **Background Papers**

1. Corporate Plan 2025 - [https://www.reigate-banstead.gov.uk/info/20205/plans\\_and\\_policies/280/reigate\\_and\\_banstead\\_2025](https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025)
2. Commercial Strategy Part 1 - <https://reigate-banstead.moderngov.co.uk/documents/s12379/Annex%201%20Commercial%20Strategy%20Part%201.pdf>
3. Overview and Scrutiny Committee Minute on Commercial Strategy Part 1 - <https://reigate-banstead.moderngov.co.uk/mgAi.aspx?ID=4313>