

Overview and Scrutiny Committee

Minutes of a Meeting of the Overview and Scrutiny Committee held in the Council Chamber, Civic Centre, Tannery Lane, Ashford on the **24th April 2018**.

Present:

Cllr. Chilton (Chairman);
Cllr. Ovenden (Vice-Chairman);

Cllrs. Bartlett, Dehnel, Heyes, Hicks, Miss. Martin, Mrs. Martin, Sims.

In accordance with Procedure Rule 1.2 (iii) Cllr. Dehnel, Heyes and Sims attended as Substitute Members for Cllrs. Burgess, Feacey and Krause.

Apologies:

Cllrs. Burgess, Feacey, A.Howard, Krause

Also Present:

Cllrs. Galpin, Shorter.

Director of Finance & Economy, Head of Corporate Property and Projects, Senior Accountant, Corporate Scrutiny and Overview Officer, Member Services Officer.

427 Minutes

Resolved:

That the Minutes of the Meeting of this Committee held on the 27th March 2018 be approved and confirmed as a correct record.

428 Future Reviews and Report Tracker and Topic Selection Flowchart

The Corporate and Scrutiny Overview Officer introduced this item and explained that the Quarterly Performance Report, O&S Annual Report and Work Programme and The Trading and Enterprise Board & A Better Choice for Property Ltd would be presented at the next Meeting.

In response to a query asking if a representative from Tenterden Kent Savers would be invited to attend a meeting, the Corporate Scrutiny and Overview Officer confirmed that this would be the case.

A Member asked if a report on the strengths of staffing, particularly in Legal and Planning, could be placed on the Tracker and the Committee agreed to this.

429 Commercial Investment by the Council

The Chairman introduced this item and explained that questions had been invited from members prior to the Meeting, for which answers were provided in the tabled papers. He also advised that some of the papers were exempt and could not be discussed in a public forum, therefore the meeting would be closed to the press and public after the non-exempt issues had been discussed.

The Portfolio Holder for Corporate Property and Projects then spoke to the Committee and explained that the report and papers provided a summary of the background of the purchase of both International House and Park Mall and how the Council had managed those facilities. The key driver for the report was transparency, but it was important for the committee to constrain to this topic. International House had provided swift revenue return whilst Park Mall was a longer-term investment. There were 11 empty units in Park Mall when the Council originally purchased it, and all units now had tenants, which laid testament to the input the Council had made.

The Portfolio Holder for Finance and IT made a presentation to the Committee and explained that the purchases were not just about providing a financial return; there was a balance between commercial investment and social worth. He gave background to the reasons behind the investments projects, which were in response to announcements made in 2015 that government funding would decline and ultimately cease over a five year period. Cuts had been made within the Council including reducing staff numbers by approximately 200, but it was recognised that to protect public services the Council needed to generate income to close the funding gap. Other investment sites included Elwick Place, Stanhope shops and Conningbrook.

The Chairman thanked the Portfolio Holders for their contributions and the report was then opened up to the Committee and the following points/questions were raised:

- A Member asked about the conditions in the lease the Council had with the Landlord of Park Mall – UBS. The Head of Corporate Property and Projects explained that the Council could not withhold consent for development of the Centre and this meant that the use could change from a shopping centre to something else in the future. The Member also queried why the rental income figures for 2015/16 was specified as £416,640 in the original agenda papers, but the tabled papers showed the rental income for the same period as £355,182. The Senior Accountant explained that the higher figure included service charges, but this had been singled out in the tabled papers for presentational purposes. It was agreed that it would be beneficial for a reconciliation of these figures to be undertaken. The Portfolio Holder clarified that Wilkinsons was a separate entity and was not part of the Council's purchase.
- A Member asked whether the HCA Funds for the Commercial Quarter were spent on the works to improve Station Approach. The Portfolio Holder advised that the funding was spent on repaving Dover Place. The Head of Corporate Property and Projects added that these works formed part of the Public Realm Works and the road would become the responsibility of ABC.

- A question was asked as to whether the Commercial Investment Strategy referred to at Cabinet on 14/09/17 was different to the Corporate Property Management Strategy adopted on 12/4/18. It was explained that for each commercial investment a business case was produced and considered in conjunction with other Council priorities and measured and examined on its own merit and opportunity. There were no similarities between the Corporate Property Management Strategy and the Commercial Investment Strategy. Strategy papers were produced and cross-examined, but on reflection, it was felt that it would apply more barriers and constraints, which would not be helpful. A Member added that a rigid investment strategy could be prohibitive since it was difficult to second-guess the current fluctuating market. The Economic Regeneration and Investment Board were responsible for reviewing each proposal and the key role was for them to assess each opportunity. The original Corporate Investment Strategy looked at more than just property as a form of investment, but there was little appetite for this. It looked at the principles of procurement rather than the management aspect. The Chairman asked what was in place to manage the risk element of investment and it was explained that a scrupulous due diligence process had been implemented.
- A Member expressed disappointment that in answer to a question he had submitted regarding seeing the report on re-tendering of management services, the response was that it was not necessary for Members to see this, since the tenders were all within budget. He explained that since the O&S Committee had asked to see the report, this request should be revered. The Portfolio Holder explained that spending and tendering limits were set in stone but agreed that this report could be shared with Members.
- A question was raised regarding the pop up shops in Park Mall, in particular the involvement that ABC had in Love Ashford and One You. The Portfolio Holder clarified that a Unit was leased to Made in Ashford and they were responsible for curating what businesses were operational from that unit. He added that this gave small businesses the opportunity to begin trading, but they were not necessarily restricted to being located in Park Mall in the future. A Member added that it would be useful to see footfall figures specifically for Love Ashford and One You.
- The Portfolio Holder talked about the investment of staff time into these projects and the Senior Accountant advised that staff recharges had been included in the tabled papers for transparency reasons.

430 Exclusion of the Public

The Chairman then read the resolution to exclude the press and members of the public.

Resolved:

That pursuant to Section 100A of the Local Government Act 1972 members of the press and public be excluded during consideration of this item as it was

likely that there would be disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 where in the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

431 Commercial Investment by the Council

The Committee then considered the exempt tabled papers that contained responses to questions submitted previously by Members, and Officers provided further detail to enquiries made at the meeting. The Chairman thanked the Officers and Portfolio Holders for their time and hard work.

Recommendations:

- That**
- i) Financial Reports including Red Book valuations are prepared annually in accordance with UK GAAP for management purposes. The output to include normal commercial property metrics and risk register, such as estimated rental value and covenant strength of tenants.**
 - ii) A framework document should be prepared setting out social value yield and return targets for the Council's Property Strategy.**
 - iii) A clear list of investment and social worth objectives to be included for each investment and reported on annually.**

432 Overview and Scrutiny Membership/Thanks

The Chairman thanked Members for their attendance and contribution over the last year and wished Cllr. Krause a speedy recovery.