

Trading and Enterprise Board

Minutes of a Meeting of the Trading and Enterprise Board held in Committee Room No. 2 (Bad Münstereifel Room), Civic Centre, Tannery Lane, Ashford on the **8th October 2018**

Present:

Cllr. Bell (Chairman);

Cllrs. Clokie, Galpin, Pickering.

In accordance with Procedure Rule 1.2 (iii) Councillor Pickering attended as Substitute Member for Councillor Bradford.

Apologies:

Cllrs. Bradford, Ovenden.

Also Present:

Director of Finance and Economy (in his capacity as Section 151 Officer), Head of Finance (in her capacity as Director of a Better Choice for Property Ltd), Head of Legal and Democracy, Senior Accountant (LF), Senior Accountant (MH), Commercial Development Manager (A Better Choice for Property Ltd), Member Services Manager (Operational).

182 Minutes

Resolved:

That the Minutes of the meeting of the Board held on the 6th August 2018 be approved and confirmed as a correct record.

183 Exclusion of the Public

Resolved:

That pursuant to Section 100A(4) of the Local Government Act 1972 as amended the public be excluded from the meeting during consideration of the following items, as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present there would be disclosure of exempt information hereinafter specified by reference to Paragraph 3 of Schedule 12A of the Act, where in the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

184 A Better Choice for Property Ltd

The Head of Legal and Democracy introduced the report which advised that reports to this Board on the 9th July 2018 regarding A Better Choice for Property Ltd had resulted in a number of resolutions and subsequent recommendations to Cabinet/Full Council. Those items which had been recommendations were subsequently deferred at the Council Meeting on the 19th July. Whilst some of those issues had since been resolved at the meeting of this Board on the 6th August, there remained some of the original recommendations which needed to be re-presented to Cabinet and Council by this Board. These were outlined within the report and she drew particular attention to recommendations regarding amendments to the Shareholders Agreement, the establishment of a subsidiary company and the number of External Directors.

A Member said that whilst he fully supported the proposals in the report, he did want to note his concern about competition in the market place and the potential for the Companies to be competing with some of the development partners the Council was currently working with.

Another Member said he supported the proposal to appoint additional External Directors, but reiterated that this should be subject to CVs and information on the candidates (including business interests) being submitted to this Board for agreement.

Recommended:

That (i) the existing Loan Facilities Agreement be extended by a further £55.5m.

(ii) the existing governance arrangements be amended as follows: -

a). Acquisitions up to £10m (total scheme cost) supported by a business plan (including returns and risks) be approved by the Director of Finance and Economy and the Portfolio Holder for Finance and IT and the Portfolio Holder for one of Corporate Property or Housing.

b). Developments over £10m (total scheme cost) would be as 'a' above, but limited to the remaining amount of the existing facility agreement and need approval by the TEB.

All investments made under 'a', will be reported to TEB at the next available meeting after the investment has been made, updating Members on progress.

(iii) the issues related to the Shareholders Agreement, set out in Paragraphs 6a and 6b of the report, be recommended to the Council for approval.

- (iv) **the establishment of a subsidiary company – A Better Choice for Property Development Limited as detailed in Paragraph 7 of the report be agreed.**
- (v) **that the Memorandum and Articles of the Company be amended to permit the appointment of up to six External Directors.**

185 A Better Choice for Property Ltd – Site Acquisition

The Director of Finance and Economy introduced the confidential report which presented details of an opportunity for the Company to purchase land for residential development. The report contained a full proposal including a site analysis and initial design proposal/feasibility study. The Board was asked to consider the proposals and ensure it was satisfied with the estimates and the business model contained within the report. He advised that whilst more detailed work was clearly needed, at this stage the Company needed the comfort of Board support for the principle and to release funding to allow it to purchase the site and commence the process of development.

In response to points raised during discussion, the Commercial Development Manager advised that given the planning history of the site, the Company would certainly be seeking a 'sense check from the Council's Planning department at an early stage. This would be particularly important on design issues.

There was a discussion on how satisfactory due diligence should be carried out and signed off to permit drawdown. It was agreed that in terms of the first element of the project including the purchase of the land, as this part came under the £10m threshold, due diligence should be dealt with by the Director of Finance and Economy and the Portfolio Holder for Finance and IT. However when the project moved on to the planning and construction phase, given the size of the commitment, a further report including the outcome of the due diligence work on this stage should come back to this Board for approval. The recommendation was amended accordingly.

Recommended:

That subject to the completion of satisfactory due diligence (detailed in (ii a and b below) and the Council approving the extension of the loan facility by a further £55.5m (Minute No. 184 refers):

- (i) **the outline Business Case for the proposed development as detailed at Appendix A to the report be approved.**
 - (ii) **the release of the funds from the existing loan facilities agreement up to limit set out in the exempt report (allowing a small contingency based upon the figures identified in Appendix A to the report).**
- (a) **the completion of due diligence and release of the drawdown of the funding for the first stage of the project, including the purchase of the**

site, up to a value of £10m, be delegated to the Director of Finance and Economy and the Portfolio Holder for Finance and IT.

(b) the further release of funding be dependent on a further report to the Trading and Enterprise Board, including more details on the scheme, its planning application and the construction contract.
