

A G E N D A

OVERVIEW AND SCRUTINY COMMITTEE

Monday 7 October 2019 at 6.30 pm

Committee Room A, Town Hall, Royal Tunbridge Wells, TN1 1RS

Members: Councillor Woodward (Chairman), Councillors Mrs Soyke (Vice-Chairman), Bailey, Bruneau, Chapelard, Hayward, Morton, Ms Palmer, Pound, Reilly, Stanyer and Thomson

Quorum: 3 Members

- | | | |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | Apologies for Absence
Apologies for absence as reported at the meeting. | (Pages 5 - 6) |
| 2 | Declarations of Interest
To receive any declarations of interest by Members in items on the agenda. For any advice on declarations of interest, please contact the Monitoring Officer before the meeting. | (Pages 7 - 8) |
| 3 | Minutes of meeting dated 12 August 2019
To approved the minutes of a previous meeting as a correct record. The only issue relating to the minutes that can be discussed is their accuracy. | (Pages 9 - 10) |
| 4 | Items Called in under Overview and Scrutiny Procedure Rule 13
To consider an item(s) 'called-in' details of which will have been circulated to Members under separate cover. | (Pages 11 - 12) |
| 5 | Portfolio Holder Update - Property, Major Projects and Strategic Engagement
To consider and decide the recommendations set out in the report. | (Pages 13 - 18) |
| 6 | Tunbridge Wells Property Holdings Ltd.
To consider and decide the recommendations set out in the report. | (Pages 19 - 36) |

- 7 Consultation and Engagement Task and Finish Group** (Pages 37 - 40)
To consider and decide the recommendations set out in the report.
- 8 Work Programme** (Pages 41 - 42)
To note the Committee's forward work programme.
- 9 Urgent Business** (Pages 43 - 44)
To consider any other items which the Chairman decides are urgent, for the reasons to be stated, in accordance with Section 100B(4) of the Local Government Act 1972.
- 10 Date of the next meeting** (Pages 45 - 46)
To note that the next scheduled meeting is Monday 18 November 2019.
-

Mark O'Callaghan
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Town Hall
ROYAL TUNBRIDGE WELLS
Kent TN1 1RS



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Notes on Procedure

- (1) A list of background papers appears at the end of each report, where appropriate, pursuant to the Local Government Act 1972, section 100D(i).
- (2) Members seeking factual information about agenda items are requested to contact the appropriate Service Manager prior to the meeting.
- (3) Members of the public are encouraged to participate and those wishing to speak on an agenda item will need to register with Democratic Services. Registration opens when the agenda is published and closes at 4pm on the last working day before the meeting. Places are limited to a maximum of four speakers per item and each speaker will have a maximum of three minutes to address the Committee.
- (4) All meetings are open to the public except where confidential or exempt information is being discussed. The agenda of the meeting will identify whether a meeting or part of a meeting is not open to the public and why. Meeting rooms have a maximum public capacity as follows: Chamber: 100, Committee Room A: 20, Committee Room B: 10.
- (6) Please note that the public proceedings of this meeting will be recorded and made available for playback on the Tunbridge Wells Borough Council website. Any other third party may also record or film meetings, unless exempt or confidential information is being considered, but are requested as a courtesy to others to give notice of this to the clerk before the meeting. The Council is not liable for any third party recordings.

Further details are available on the website (www.tunbridgewells.gov.uk) or from Democratic Services.

If you require this information in another format please contact us, call 01892 526121 or email committee@tunbridgewells.gov.uk

Accessibility into and within the Town Hall – There is a wheelchair accessible lift by the main staircase, giving access to the first floor where the committee rooms are situated. There are a few steps leading to the Council Chamber itself but there is a platform chairlift in the foyer.

Hearing Loop System – The Council Chamber and Committee Rooms A and B have been equipped with hearing induction loop systems. The Council Chamber also has a fully equipped audio-visual system.

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Overview and Scrutiny Committee

07 October 2019

Apologies for Absence

Procedural Item:

To receive any apologies for absence.

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Overview and Scrutiny Committee

07 October 2019

Declarations of Interest

Procedural Item:

To receive any declarations of interest by members in items on the agenda. For any advice on declarations of interest; please contact the Monitoring Officer before the meeting.

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Overview and Scrutiny Committee

07 October 2019

Minutes of the meeting dated 12 August 2019

To Follow:

The minutes of the meeting are marked as 'To Follow' and will be contained in a supplementary pack to the agenda.

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Overview and Scrutiny Committee

07 October 2019

Items Called-In under Overview and Scrutiny Procedure Rule 13

Procedural Item:

To consider any item(s) called-in, details of which will have been circulated to Members under separate cover.

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Overview and Scrutiny Committee

07 October 2019

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Portfolio Holder Update – Property, Major Projects and Strategic Engagement

Final Decision-Maker	Overview and Scrutiny Committee
Portfolio Holder(s)	Councillor David Scott – Portfolio Holder for Property, Major Projects and Strategic Engagement
Lead Director	Lee Colyer – Director of Finance, Policy and Development
Head(s) of Service	David Candlin – Head of Economic Development and Property; and Ian Hirst – Head of Digital Services and Communication
Lead Officer/Author	Mark O’Callaghan – Scrutiny and Engagement Officer
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

That the Portfolio Holder’s update be noted.

This report relates to the following Five Year Plan Key Objectives:

This report links to all areas of the Five Year Plan

- A prosperous borough
- A well borough
- An inclusive borough

Committee Members can consider whether the current ambitions of the Portfolio Holder are adequate and whether appropriate steps are in place to deliver the Five Year Plan.

Timetable

Meeting	Date
Overview and Scrutiny	07 October 2019

Portfolio Holder Update – Property, Major Projects and Strategic Engagement

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Overview and Scrutiny Committee meets with the Cabinet Portfolio Holders throughout the municipal year to discuss the progress made towards the Council's priority projects.
 - 1.2 Statements are attached at Appendix A to the report detailing the Portfolio Holders responsibilities, partnership involvement, plans and strategies and projects over the year ahead.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 The Overview and Scrutiny Committee is keen to understand from the Portfolio Holders their ambitions for the year ahead and how that ambition will be realised. In particular, Portfolio Holders should focus on how our residents, businesses and visitors to the borough will see a difference as a result of the actions the Council has taken. The meetings are an opportunity for the Portfolio Holders, in their own words, to explain to the Committee and the public how the Council has made a difference to the lives of residents in the borough.
-

3. AVAILABLE OPTIONS

- 3.1 The Portfolio Holder's plans and progress update is for information purposes and the committee will be asked to note the content of the report. However, members may wish to ask questions of the Portfolio Holders and if necessary, ask that additional information be provided to the Committee at a later date.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Committee and the Portfolio Holders will work together to identify the best ways of doing things in the future - based on learning from past successes, and how the Overview and Scrutiny Committee can help with achieving the Five Year Plan. The Committee would also like to provide effective scrutiny, including opportunities for public engagement and help ensure that the outcomes provide value for money and improvements to public services.
-

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 The views of the Committee and the responses provided by Portfolio Holder will be detailed in the minutes of the meeting and on the Council's website.
-

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	The report is for information. As there are no decisions from this report there are no implications.	Mark O'Callaghan, Scrutiny and Engagement Officer 27 September 2019
Finance and other resources		
Staffing establishment		
Risk management		
Data protection		
Environment and sustainability		
Community Safety		
Health and Safety		
Health and wellbeing		
Equalities		

7. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A – Portfolio Holder Statement

8. BACKGROUND PAPERS

None

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Portfolio Holder Statements 2019-20

Councillor David Scott –Property, Major Projects and Strategic Engagement

Service Area Responsibilities

- Major Projects
- Property and Estates
- Facilities
- Communications
- Strategic Policy and Engagement

Priority Projects

- Property and asset disposals and acquisitions
- Calverley Square
- Existing Civic Buildings

Partnerships

- Oversight of One Public Estate
- Kent and Medway Economic Partnership (KMEP)

Plans and Strategies

- Asset Management Plan
- Communications and Engagement Strategy
- Councillor Conventions

Councillor David Scott
Portfolio Holder for Property, Major Projects and
Strategic Engagement

David.Scott@tunbridgewells.gov.uk

Plans for the year ahead

- Large Project Engagement
 - Cross Party panel
 - Independent bodies
 - Councillor involvement
- Civic Developments
 - Calverley Square (Option A) and variations
 - Existing Civic Buildings (Option B1)
 - Existing Civic Buildings (Option B2)
- Consequential property developments
 - Existing Civic Buildings
 - Assembly Hall
 - Great Hall car park
 - Mount Pleasant car park
- Strategic Policy engagement
 - Councillor Conference – further stages
 - Business engagement
 - Creative – music – performance engagement
 - General public engagement
 - Local Plan – Housing
 - Transport Fair & Conference
 - Review of Borough Transport Strategy
 - The Youth
 - Climate Emergency
- Communications
 - Regular Committee, public interest,
 - General engagement
 - Cross party press briefings
 - Social media
 - Local magazine

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Overview and Scrutiny Committee

07 October 2019

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Tunbridge Wells Property Holdings Ltd

Final Decision-Maker	Overview and Scrutiny Committee
Portfolio Holder(s)	David Scott, Property, Major Projects and Strategic Engagement
Lead Director	Lee Colyer, Director of Finance, Policy and Development
Head of Service	David Candlin, Head of Economic Development and Property
Lead Officer/Author	David Candlin, Head of Economic Development and Property
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

That members of the Overview and Scrutiny Committee note the update regarding Tunbridge Wells Property Holdings Ltd.

- A Prosperous Borough
- A Green Borough
- A Confident Borough

Tunbridge Wells Property Holdings Ltd meets the objectives of the Council as stated in the Five Year Plan and strategically summarised in the Asset Management Plan approved by Full Council.

Timetable	
Meeting	Date
Overview and Scrutiny Committee	7 October 2019

Tunbridge Wells Property Holdings Ltd

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Tunbridge Wells Borough Council established Tunbridge Wells Property Holdings Ltd to hold and manage residential properties. The report provides some background on the operation of the Company.

2. INTRODUCTION AND BACKGROUND

- 2.1 Tunbridge Wells Property Holdings Ltd was formally established by the Council in 2015 for the purpose of providing privately let housing on assured short-hold tenancies at market rents. The formation of the company enabled existing residential properties to be held and new residential properties in the future, either built or acquired.
- 2.2 In 2018/19 the Council became self-sufficient with Revenue Support Grant funding being removed completely. It was highlighted in 2015 that one of the ways in which local authorities were mitigating the significant reductions in local authority funding was to make better use of property assets. This fitted in with the Government's continuing wish to make local authorities more self-sufficient. The use of a company in connection with local authority property assets is not unusual these days.
- 2.3 The Company established is wholly owned by the Council. By leasing the dwellings to the company, the company is able to provide assured shorthold tenancies, allowing flexibility for tenants and better management for the Council that will meet local demand for privately let housing. Most private lets attract considerable interest in the borough and the local market is fairly buoyant. These benefits apply to the Council's existing property portfolio and the Council will review which properties may be appropriate to lease to a company in the future.
- 2.4 By managing the properties through a separate legal entity, risks associated with management of the dwellings is minimised, especially where the property letting is outsourced and the use of a company will help to ensure transparency of the costs of operation.
- 2.5 The Cabinet report in April 2015 set out the benefits and the disbenefits of setting up the Company. These were highlighted in paragraphs 7 to 12 of the 2015 report. These are repeated below.

Benefits of forming a company

Should the Council wish to utilise Sections 24 – 26 of the Local Government Act 1988 to provide privately let housing on assured short-hold tenancies at market rents, the formation of a company which can hold existing and new residential properties will be required.

By leasing the dwellings to a company, the company is able to provide assured shorthold tenancies, allowing flexibility for tenants and better management for the Council that will meet local demand for privately let housing. Most private lets attract considerable interest in this area and the local market is fairly buoyant. These benefits will also apply to the Council's existing property portfolio and officers would be able to review which properties may be appropriate to lease to a company.

By managing the properties through a separate legal entity, risks associated with management of the dwellings is minimised, especially where the property letting is outsourced and the use of a company will help to ensure transparency of the costs of operation.

The company could apply for planning permission for developments of an appropriate.

Disadvantages of forming a company

Additional bureaucracy which is not considered to be significant.

Additional cost to form the company and put in place arrangements for accounting and administration, plus any corporation tax payable (if any) on profits in due course, and other costs.

3. RECORDED DECISIONS

3.1 The recorded decisions of Cabinet in April 2015 were:

- 1) That the establishment of a company limited by shares (based on the Articles at Appendix E) for the purpose of managing privately let housing with the Council holding 100% of the issued share capital company of £100 on the basis set out in the report be approved;
- 2) That the name of the new company - called Tunbridge Wells Property Holdings Limited be approved;
- 3) That the nomination of the Council's Head of Economic Development and two non-Executive members (to be agreed by the Portfolio Holder for Property and Major Projects in consultation with the Finance Director) as the Council's Directors on the company be approved;
- 4) That the nomination of the Council's Policy and Governance Manager to assume responsibility for providing adequate resource to maintain the company's registers and records and provide the services previously provided by company secretaries be approved;
- 5) That the Portfolio Holder for Property and Major Projects be authorised to act as the Council's shareholder representative;
- 6) That the provision of insurance and indemnity for member and officer Directors and Officers of the company be approved;
- 7) That a 22 year lease to the company of the 8 residential units listed in Appendix B to the report be granted for best consideration, and a separate 22 year lease, at the appropriate time to the Company of the 5 residential units to be constructed.
- 8) That the company applying for planning permission for the John Street and Kevin Lynes development, to ensure the permission, ensure for the benefit of subsequent occupiers;
- 9) That the Initial working capital funding to be provided to the company through a funding/ management agreement that requires the company to pay interest on any loans received from the Council at commercial rates be approved;
- 10) That regular monitoring reports be provided (as part of the Property Transactions report) (at least 6 monthly) on the progress in managing the residential and commercial units in line with budget and expectations etc; and
- 11) That the Finance Director be authorised to agree any funding or ancillary arrangements that may be required from time to time in connection with the establishment of the company and periodically review the achievement of the Council's objectives and financial returns, in consultation with the Cabinet Member for Finance and Governance, reporting by exception to Cabinet.

- 3.2 The reasons for the decision being set out as: the formation of a limited company for the purpose of managing privately let housing will provide the advantages set out in paragraphs 7, 8 & 9. It will also provide additional revenue and meet the objectives of the Council as stated in the Five Year Plan and strategically summarised in the Asset Management Plan approved by Full Council.
-

4. OBJECTIVES

- 4.1 Based on the report and the decisions taken the Councils stated objectives for the Company are:
- To provide assured shorthold tenancies, allowing flexibility for tenants and better management for the Council that will meet local demand for privately let housing. These benefits will also apply to the Council's existing property portfolio and Officers would be able to review which properties may be appropriate to lease to a company.
 - To manage the properties through a separate legal entity, to minimise the risks associated with management of the dwellings, especially where the property letting is outsourced and the use of a company will help to ensure transparency of the costs of operation.
 - The company would also be able to apply for planning permission for developments of an appropriate nature addressing the issue of planning permissions that are personal to the Council.
-

5. POWERS

- 5.1 The Council has utilised sections 24 - 26 of the Local Government Act 1988 which allow local authorities to set up or participate in companies or to assist persons to develop housing for private letting. This covers (a) making grants or loans; (b) guaranteeing the performance of any obligation owed; (c) indemnifying that person in respect of any liabilities, loss or damage; or (d) if that person is a body corporate, acquiring share or loan capital in that person.
- 5.2 The Company established can therefore provide privately let housing on assured short-hold tenancies at market rents.
- 5.3 The Company complies with the controls set out in the Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995/849.
- 5.4 The Council's insurance and indemnity arrangements have been extended to cover any actions or inaction of member and officer Directors and any other Officers of the company (i.e. company secretarial and other officer support) pursuant to s39 Local Government (Miscellaneous Provisions) Act 1976/s265 Public Health Act 1875 and s101 Local Government Act 2000 and the Local Authorities (Indemnities for Members and Officers) Order 2004/3082 regulations.
-

6. DIRECTORS

- 6.1 The Company has three directors, David Candlin, Head of Economic Development and Property and Councillors Beverley Palmer and Godfrey Bland as non-executive directors. Appointment to a post in the company is from the Council and this is delegated to the Portfolio Holder for Property and Major Projects, this was initially set out in the Cabinet report of April 2015 with the two non-Executive members then appointed by with a publish Portfolio Holder report.

- 6.2 Councillor Bland was appointed on the 8 August 2019 replacing Councillor Tracy Moore who resigned on the 3 June 2019. Appointment was through a published Portfolio Holder report.
 - 6.3 The day to day management and control is the responsibility of the Directors of the company. However, within TWPH Ltd the Directors' role is largely administrative and there is limited business to transact. It should be noted that the Director posts are unpaid.
-

7. COUNCIL STRUCTURES

- 7.1 To reduce the scope for conflicts of interest, the Portfolio Holder for Property & Major Projects (or full Cabinet where appropriate under the Constitution) take decisions about the company on behalf of the Council, rather than act as Directors on the Board of the company.
 - 7.2 The Company could utilise outside bodies to provide all its services. In terms of managing agents it is using an external company with Bracketts appointed through a company procurement. In addition the External Auditor is an appointment by the Company again through a procurement process. However other services are provided by the Council including budget management, property, maintenance and legal advice.
 - 7.3 The Estates team provide as part of the 6 monthly Property Transactions report submitted to Cabinet details of any transactions related to the Company in the exempt appendices.
-

8. PORTFOLIO

- 8.1 At the point when the Company was set up the Council had 8 dwellings let to private tenants using managing agents. These 8 dwellings were placed in the Company by the Council at its creation in 2015. The Council was also in the process of building a further 5 flats at John Street. These 5 dwellings were transferred to the Company in 2016 along with properties at Monson Road and Crescent Road. Appendix A attached to this report lists the property assets and the dates when they transferred to the Company.
 - 8.2 Cabinet took further decisions to acquire and transfer properties in Grove Hill House to Tunbridge Wells Property Holdings on 1 February 2018 and 2 August 2018. The exempt reports considered by Cabinet setting out the investment opportunity are available to members.
-

9. BUSINESS PLAN

- 9.1 The Company produces an annual business plan a copy of which is attached as Appendix B. While produced and signed off by the Company the structures of approval within the Council via the Property and Major Projects Portfolio Holder does need to be formalised.
-

10. AVAILABLE OPTIONS

- 10.1 The update on the Tunbridge Wells Property Holdings Ltd is for Members to note.
-

11. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 11.1 The views of the Committee will be reflected in the minutes of the meeting which will be published on the Council's website.

12. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	There are no legal implications resulting directly from the recommendations in the report	Patricia Narebor, Head of Mid-Kent Legal Partnership
Finance and other resources	With the loss of all government grants, future funding will be dependent on this Council's ability to deliver growth, new income streams and to retain a greater share of business rate growth proceeds.	Jane Fineman, Head of Finance and Procurement
Staffing establishment	There is no impact on staffing levels as a result of the recommendations in the report.	Nicky Carter, Head of Human Resources and Customer Services
Equalities		Report author

13. REPORT APPENDICES

The following documents are to be published with and form part of the report:

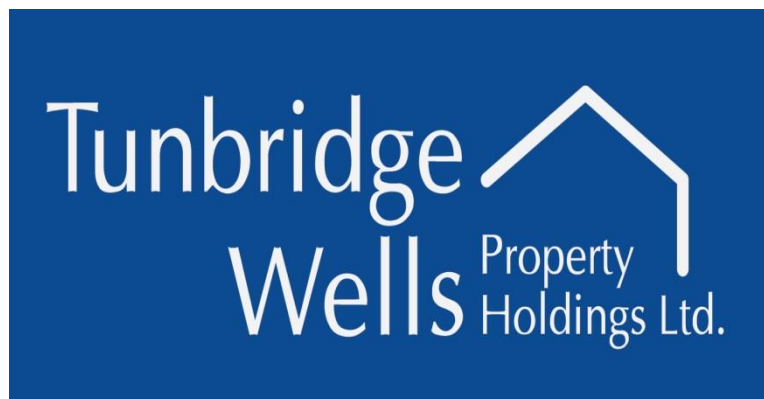
Appendix A – Asset List

Appendix B – Business Plan

List of Assets held by the Company

57a The Pantiles, Tunbridge Wells TN2 5TE	1 April 2015
59 The Pantiles, Tunbridge Wells TN2 5TE	1 April 2015
8 Dudley Road Tunbridge Wells TN1 1LF - Flat 1 - Flat 2 - Flat 3 - Flat 4	1 April 2015 1 April 2015 1 April 2015 1 April 2015
Cemetery Lodge, Benhall Mill Road, Tunbridge Wells TN2 5JH	1 April 2015
Crematorium Lodge, Benhall Mill Road, Tunbridge Wells TN2 5JH	1 April 2015
25 Monson Road, Tunbridge Wells TN1 1LS	21 April 2016
32 Crescent Road, Tunbridge Wells TN1 2LZ	15 July 2016
2 John Street, Tunbridge Wells TN4 9RU - Flat 1 - Flat 2 - Flat 3 - Flat 4 - Flat 5	23 Aug 2016 23 Aug 2016 23 Aug 2016 23 Aug 2016 23 Aug 2016
Grove Hill House, 21 - 27 Grove Hill Road, Tunbridge Wells TN1 1SA - Apartment 10 - Apartment 13 - Apartment 18 - Apartment 23	12 July 2018 1 October 2018 15 June 2018 27 April 2019

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Business Plan 2019/20

April 2019

Registered Office:

Town Hall, Royal Tunbridge Wells, Kent, TN1 1RS

Registered in England and Wales under company number 9477122

Tunbridge Wells Property Holdings Limited

Business Plan 2019/20

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1 Executive Summary

Tunbridge Wells Property Holdings Limited has been set up to manage Tunbridge Wells Borough Council dwellings which are privately let.

The Council is utilising Sections 24 – 26 of the Local Government Act 1988 to provide privately let housing on assured short-hold tenancies at market rents. The formation of the company enables existing and new residential properties to be held.

The Company is wholly owned by the Council. By leasing the dwellings to the company, the company is able to provide assured shorthold tenancies, allowing flexibility for tenants and better management for the Council that will meet local demand for privately let housing. Most private lets attract considerable interest in the borough and the local market is fairly buoyant. These benefits apply to the Council's existing property portfolio and the Council will review which properties may be appropriate to lease to the company in the future.

By managing the properties through a separate legal entity, risks associated with management of the dwellings is minimised, especially where the property letting is outsourced and the use of a company will help to ensure transparency of the costs of operation.

This Business Plan covers the overarching management of the properties under a lease of 22 years for the identified properties. The Council will provide the Company with a loan facility should the need arise. Initially the Council will directly provide all management and maintenance services to the Company.

2 Introduction and Context

This overarching business plan describes how Tunbridge Wells Property Holdings Limited will manage and operate its business. This business plan will be a dynamic document, reviewed twice a year by the Board to ensure that objectives remain relevant to prevailing conditions in the market and within the locality.

This business plan should be read in conjunction with the Operational Agreement, Facility Agreement, Articles of Association and related documents.

The Company does not have a maximum life but will be entering into a lease with Tunbridge Wells Borough Council to take on the responsibility and management of specified properties for a 22 year period within the Council's ownership, and additional opportunities delivered by or for the Council.

The Council is entering into the arrangement in its capacity as landowner and investor but expressly not in its capacity, nor to otherwise fetter its discretion, as Local Planning Authority.

3 The Council's Aims and Objectives

On 18 September 2014, Cabinet delegated approval to the Deputy Chief Executive, Section 151 Officer and Head of Legal Partnership in consultation with the Leader of the Council and the Portfolio Holder for Finance and Governance to investigate whether there would be advantages to establishing a company wholly owned by the Council to progress some or all the aspects of the John Street Car Park development.

One of the ways in which local authorities have been mitigating the significant reductions in local authority funding has been to make better use of property assets. This facilitates the Government's wish to make local authorities more self sufficient. The use of a company in connection with local authority property assets is not unusual.

By utilising Sections 24 – 26 of the Local Government Act 1988 to provide privately let housing on assured short-hold tenancies at market rents, the formation of a company which can hold existing and new residential properties is required.

It was subsequently recommended that a company (wholly owned by Tunbridge Wells Borough Council) was established for the purpose of providing privately let housing, utilising existing Council owned residential assets and future developments

The Councils Stated objectives for the Company are:

- To provide assured shorthold tenancies, allowing flexibility for tenants and better management for the Council that will meet local demand for privately let housing. These benefits will also apply to the Council's existing property portfolio and Officers would be able to review which properties may be appropriate to lease to a company.
- To manage the properties through a separate legal entity, to minimise the risks associated with management of the dwellings, especially where the property letting is outsourced and the use of a company will help to ensure transparency of the costs of operation.

The Council has leased 18 residential units to the Tunbridge Wells Property Holding Company to date. These units are let to private tenants through managing agents.

Other residential properties in need of repair and refurbishment and future residential developments may be added.

4 Governance

The Company is a wholly owned subsidiary of the Council. The Company will carry on its business in accordance with the terms and conditions of the Operational Agreement. The proposed corporate structure for the Company is as set out in the Operational Agreement. This includes:

- Three Directors of the Company appointed by Tunbridge Wells Borough Council.
- The Director posts are unpaid.
- The role and authority of the directors is to manage within a Business Plan agreed annually by the Council.
- Conduct and quorum of meetings which will be at least quarterly.
- The quorum for meetings will be two directors.
- The company may be supplied with services through agreement by Tunbridge Wells Borough Council at market rates.
- Reserved matters (ie significant decision which are reserved to Tunbridge Wells Borough Council).

The three Directors of the Company are:

David Candlin
Councillor Beverley Palmer
Councillor Tracy Moore

Managing Director
Non-Executive Director
Non-Executive Director

5 Funding

The existing 18 residential units and any additional dwellings in the future will be let to the TWPH on a 22 year lease.

The Company employs Bracketts as managing agents to manage the properties and they are monitored by TWBC.

Residential rents are exempt from VAT so all input VAT is irrecoverable.

Rental growth of 8% pa had previous been assumed with rents reviewed 3 yearly upwards or downwards to Market Rents. The rental growth for residential properties has slowed during 2018 due to the current economic uncertainties and due to Brexit creating short-term uncertainty within the market. For these reasons we have adopted a rental growth of 3% pa in leases granted during 2018.

The net rental income will transfer to the Borough Council under the terms of the lease.

Capital sums need to be budgeted for internal decorations 3 yearly at an average cost of £1,500 per property, external decorations 5 yearly at average cost of £5,000 per property and internal refurbishment including upgraded kitchens and bathrooms at year 11 at an average cost of £11,000.

The Borough Council will provide a loan facility if required to fund the revenue and capital payments as appropriate. Interest will be charged on the loans at a commercial rate.

6 Taxation

Value Added Tax (VAT)

The lease to the Company will be for more than 21 years, meaning that the development cost of the dwellings, paid by the Council prior to transfer, will mainly be Zero Rated for VAT and the property supply to the Company will be zero-rated.

Administration costs will be incurred by the Council and recharged as a management fee to the Company with Standard Rated VAT. Most maintenance and repair costs will be incurred directly by the Company but could also be recharged through the Council. Again these invoices will be charged including Standard Rated VAT. The Company will not, however, be able to recover this VAT as any supply of the Company relating to these dwellings will be exempt from VAT.

Corporation Tax

The Company will have to pay corporation tax on any profits / gains. The Company will act reasonably and adopt lawful but tax efficient mitigation strategies where available and appropriate.

Stamp Duty Land Tax

As a company limited by shares and wholly owned by the Council, the Company will be able to benefit from Group relief for Stamp Duty Land Tax (SDLT) on the transfer of the dwellings to the company, meaning that no SDLT would be due. This is on the proviso that the Company and Council are not de-grouped within 3 years of the transfer.

The Company and the Council will monitor the SDLT requirements and will act reasonably and adopt lawful but tax efficient mitigation strategies where available and appropriate.

7 Risk and Mitigation Strategies for discussion

Throughout the life of the TWPH there will be risks that need to be managed to reduce the likelihood and impact of unwanted outcomes. There should be a risk management strategy for the TWPH that takes account of the wider market context as well as the immediate risks associated with each individual property, and this will be encompassed in the individual development vehicle's business plans.

Risk management is a systematic application of policies, procedures, methods and practices to the tasks of identifying, assessing and managing risk. The process should:

- help prioritise existing management actions in terms of their impact to the project objectives;
- highlight gaps in existing management actions / processes / lack of contingency plans, etc where improvements can be made; and
- provide increased cost & programme certainty.

Two key elements of successful risk management are the importance of clearly identifying risks (risk event, cause & effect); and identifying specific responses with (single) risk owners, control actions owners and date(s) for completion of actions.

There may need to be contingency plans and risk allowances (funding and time) allocated to allow for the possibility of (for example) delays. A risk register is a key tool for managing risk, which must be reviewed and updated continually throughout the life of the TWPH.

Responsibility and ownership for managing risks must be assigned to individuals with the authority to take appropriate action on risk.

Some of the key risks identified for the TWPH Company are listed below:

- Strategic
 - Fixed strategy unable to respond to change - outcome doesn't match need
 - Exit strategy not clearly defined
- Political
 - Changes within the Council - introduces uncertainty
 - Legislative Changes
- Social
 - Community perception
 - Focus on physical issues neglect underlying social issues
 - Potential for tenants to claim that they should be consulted on a change of ownership from the Council
- Delivery:
 - Media not managed - negative publicity
- Reputational:
 - Perception of TWPH Company being just another public body
- Economic:
 - Current market conditions adversely affect the Property Company

8 Exit Strategies and Termination

In determining potential exit strategies from the Property Holding Company, the factors that need to be taken into account include;

- maximisation of value arising from the Council's input to the Company,
- ensure as far as possible the financial stability and the retention of the benefits of the assets into the future, and,
- ensure that any transactions taken in respect of termination or exit are carried out tax efficiently.

9 Review of performance against Company Business Plan 2018/19

In the year we have worked in the following areas to promote the aims and objectives of the business plan and establish a foundation for future successes:

- Reviewed annual rent increase.
- Renewed leases and filled vacant property.
- Agreement reached with the Shareholder on the 3 year review of rental growth.
- Refurbishment of 25 Monson Road delivering an increased market rent.
- Acquired 3 properties in Grove Hill House for investment purposes.
- Appointed Bracketts as new managing agent.
- Continued to monitor central government policy and implications for residential property management.

- Carried out planned and responsive maintenance as required to the properties within the portfolio.

TWPH receives rents which are forecast to be £157,775 for 2018/19. These rents are gross and deducting, Council lease costs, Bracketts management fees, repairs and voids, are forecast to produce a net rent of £44,007. Once other costs such as audit fees are deducted the forecast outturn for 2018/19 is £26,529.

10 Projected Management Strategy Financial Year 2019/20

TWPH will continue to promote the aims and objectives as detailed in the Business Plan. TWBC consider that the content of the Company Business Plan remains relevant and supports the company's ongoing activities for the year of operation.

During the course of the 2019/20 financial year TWPH will:

- Renew leases and fill any vacant property.
- Review annual rent increase.
- Complete and implement the 3 year review of rental growth.
- Complete acquisition of agreed leases.
- Discuss further opportunities for growth working with the Borough Council on residential development and purchases.
- Update programme of planned maintenance on all properties.

11 Projected Budget Financial Year 2019/20

The forecast for 2019/20 provides a gross rent of £179,428. These rents are gross and deducting, Council lease costs, Bracketts management fees, repairs and voids, are forecast to produce a net rent of £64,492 for the year. Once other costs such as audit fees are deducted the forecast outturn for 2019/20 is £46,876.

Rental Growth of 3% is assumed during 2019/20. A budget allowance of £12,000 for repairs has been made during 2019/20.

List of Assets held by the Company

Appendix A

Property
<p>57a The Pantiles, Tunbridge Wells TN2 5TE</p> <p>59 The Pantiles, Tunbridge Wells TN2 5TE</p>
<p>8 Dudley Road Tunbridge Wells TN1 1LF</p> <ul style="list-style-type: none"> - Flat 1 - Flat 2 - Flat 3 - Flat 4
<p>Cemetery Lodge, Benhall Mill Road, Tunbridge Wells TN2 5JH</p> <p>Crematorium Lodge, Benhall Mill Road, Tunbridge Wells TN2 5JH</p>
<p>25 Monson Road, Tunbridge Wells TN1 1LS</p>
<p>32 Crescent Road, Tunbridge Wells TN1 2LZ</p>
<p>2 John Street, Tunbridge Wells TN4 9RU</p> <ul style="list-style-type: none"> - Flat 1 - Flat 2 - Flat 3 - Flat 4 - Flat 5
<p>Grove Hill House, 21 - 27 Grove Hill Road, Tunbridge Wells TN1 1SA</p> <ul style="list-style-type: none"> - Apartment 10 - Apartment 13 - Apartment 18

Overview and Scrutiny Committee

07 October 2019

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Consultation and Engagement Task and Finish Group Update

Final Decision-Maker	Overview and Scrutiny Committee
Lead Member(s)	Councillors Hayward (Chairman), Bruneau, Pound and Reilly
Lead Officer/Author	Mark O'Callaghan, Scrutiny and Engagement Officer
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

That the report be noted.

Explain how this report relates to the Corporate Priorities in the Five Year Plan:

- Our people – Alongside operating as a sustainable business, councillors and staff need to be equipped to lead and manage the services of the future. This will need effective leadership, relevant skills and high levels of wellbeing.
- Our services – The Council needs to operate in a sustainable way, delivering services that enhance the quality of life for our residents and customers.

Timetable

Meeting	Date
Task and Finish Working Group	05 September 2019
Overview and Scrutiny Committee	07 October 2019

Tunbridge Wells Committee Report, version: March 2019

Public Engagement and Consultation Task and Finish Group Update

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report sets out the main findings from the Task and Finish Group (TFG) meeting held on 05 September 2019 and set out proposals from the TFG on how to proceed.
 - 1.2 This report follows on from the update on 12 August 2019.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 Following endorsement by the Overview and Scrutiny Committee (OSC) on 12 August 2019 of the proposed way forward. Councillors Bruneau, Hayward and Pound met on 05 September 2019 to continue with the work of the TFG. The following notes were subsequently agreed by the TFG.
- 2.2 There was a self-evident lack of a culture of genuine consultation and engagement which was highlighted, in part, by the following examples:
 - a) Ward members were not made aware of meetings between officers and retailers affected by the Calverley Square development on 4 September;
 - b) Press releases were issued before members were advised
- 2.3 A formal policy was needed to define how to consult and measures by which compliance with the policy could be monitored. The policy would focus on:
 - a) Internal communications (between officers and members (o2m) and between members and members (m2m))
 - b) Public consultation and engagement (between the council and public (c2p))
- 2.4 Several examples of good practice had been investigated by members. The TFG discussed which could be emulated and agreed to look further into:
 - a) 'Citizens' Space': operated by London Borough of Hackney
 - b) 'We Ask, You Say, We Do': operated by Winchester City Council
- 2.5 In addition to the above investigations, members discussed developing the following ideas:
 - a) Citizens' Space style platform for c2p
 - b) Intranet / web based platform for o2m where officers post information affecting wards that members can access
 - Central resource to reduce duplication
 - Categorisable by ward so members can easily access/filter relevant information
 - Informal and easy to use

- Need to be used genuinely so members have advance notice of information
 - Weekly planning notices could go through such a system (for example)
- c) Searchable web based platform where public can submit questions to be answered (authoritatively, i.e. not by other members of the public) and not just the questions the Council wants to answer.
- d) Whether any of these can be linked to the single customer account?
-

3. AVAILABLE OPTIONS

- 3.1 The TFG seeks the endorsement of the OSC to continue with its work and welcomes any comments.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 To support the recommendation of the TFG. A perceived lack of engagement and consultation was a strong, reoccurring theme of the election. Newly elected members have the unique perspective of the uninitiated and could be expected to have a more direct experience of public expectation.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The report is an update as to the work of the TFG and has not been subject to outside consultation. However, the work of the TFG could ultimately lead to a policy which would be subject to consultation.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Subject to approval by OSC, the TFG will continue with its work.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	<i>This report does not propose any policy changes and therefore there are no specific implications at this time.</i>	Mark O'Callaghan, Scrutiny and Engagement Officer 27 September 2019
Finance and other resources		
Staffing establishment		
Risk		

Management		
Data Protection		
Environment and Sustainability		
Community Safety		
Health and Safety		
Health and Wellbeing		
Equalities		

8. REPORT APPENDICES

The following documents are to be published with, and form part of, the report:

- None

9. BACKGROUND PAPERS

- None

Overview and Scrutiny Committee

07 October 2019

Work Programme

Date of meeting: **10 June 2019**

Agenda publication: **31 May 2019**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Leader of the Council	Stephen Baughen / David Candlin
Task and Finish Groups	
Plastics	
Parks and Gardens Maintenance Contract	
Transparency	
Other Items	
Work Programme 2019/20	Mark O'Callaghan

Date of meeting: **12 August 2019**

Agenda publication: **02 August 2019**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Culture, Leisure and Economic Development (to be rescheduled to a later date)	Nicky Carter / David Candlin
Task and Finish Groups	
Consultation and Engagement	Mark O'Callaghan
Parks and Gardens Maintenance Contract	
Other Items	
RAG Statuses and Project Management	Ian Hirst / Michael Josh

Date of meeting: **07 October 2019**

Agenda publication: **27 September 2019**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Property and Major Projects	David Candlin
Task and Finish Groups	
Consultation and Engagement – Report on agenda	Mark O'Callaghan
Parks and Gardens Maintenance Contract – Verbal update	Gary Stevenson
Other Items	
Tunbridge Wells Property Holdings Ltd	Lee Colyer

Agenda Item 8

Date of meeting: **18 November 2019**

Agenda publication: **08 November 2019**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Finance and Governance	Lee Colyer
Task and Finish Groups	
TBC	
Other Items	
Draft Budget 2020/21 and Medium Term Financial Strategy Update	Lee Colyer

Date of meeting: **20 January 2020**

Agenda publication: **10 January 2020**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Culture, Leisure and Economic Development	Nicky Carter / David Candlin
Task and Finish Groups	
TBC	
Other Items	
TBC	

Date of meeting: **06 April 2020**

Agenda publication: **27 March 2020**

Subject	Officer
Standing Items	
Calverley Square Development Update	David Candlin
Portfolio Holder Update – Communities and Wellbeing	Gary Stevenson
Task and Finish Groups	
TBC	
Other Items	
Draft Annual Report of the Overview and Scrutiny Committee	Mark O'Callaghan
Community Safety Partnership Plan 2020/21	Denise Haylett

Overview and Scrutiny Committee

07 October 2019

Urgent Business

Procedural Item:

To consider any other items which the Chairman decides are urgent, for the reasons to be stated, in accordance with Section 100B(4) of the Local Government Act 1972.

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Overview and Scrutiny Committee

07 October 2019

Date of Next Meeting

Procedural Item:

To note that the next scheduled meeting is Monday 18 November 2019.

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