

**To all Members of the Council**

7 August 2020

You are hereby summoned to attend a Meeting of Rother District Council to be held remotely on **Tuesday 18 August 2020** at 6:30pm, when it is proposed to transact the business stated below.

1. To receive apologies for absence.

2. Disclosure of Interest

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

3. To receive the report of the Cabinet on matters for determination by full Council at its meetings on 27 July 2020 and 17 August 2020 to include, as under: (Pages 1 - 4)

27 July 2020

- Incorporation of a Local Housing Company (CB20/21)

(all other matters for determination by full Council at this meeting will be considered at the next scheduled meeting of full Council on Monday 21 September 2020).

17 August 2020

- Commercial Development Opportunity (CB20/33)

Malcolm Johnston
Executive Director

Town Hall
Bexhill-on-Sea
East Sussex, TN39 3JX

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Rother District Council

Report to	-	Council
Date	-	18 August 2020
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

The Council is asked to consider the following recommendations arising from the Cabinet meetings held on 27 July and 17 August 2020, as set out below. (All other matters to be determined by full Council at the meeting held on 27 July will be considered at the next scheduled meeting of full Council on Monday 21 September 2020).

CABINET – 27 July 2020

CB20/21. INCORPORATION OF A LOCAL HOUSING COMPANY

Following the Council decision in December 2019 to establish a Local Housing Company (the Company) it was now necessary for the Articles of Association and the Shareholders Agreement to be agreed and appoint the Company Directors to enable the corporation of the Company. The draft Articles of Association and Shareholders' Agreement were attached at Appendices A and B to the report respectively.

The Council's legal service, based at Wealden District Council, would act as the Company Secretary to ensure compliance with the Articles, and the appropriate conduct of meetings.

It was proposed that the Company be established as a 'company limited by shares' with the Council as the sole shareholder. It was suggested that the name of the Company be Alliance Homes (Rother) Limited; subject to officers confirming that this was a name that could be used. Once registered with Companies House the Articles, along with the nomination of Directors, would formally incorporate the Company. Whilst as sole shareholder the Council would have full decision-making power in relation to the Company, the Shareholder's Agreement would allow day to day operations of the Company to run smoothly. The Agreement defined the relationship between the Board of the Company and the shareholder and outlined the expectations of the shareholder in relation to the governance and management of the Company.

It was recommended that the Board of Directors (the Board) be made up of up to eight directors, a maximum of four Elected Members of Council (who would receive relevant training) and a maximum of four others who were not Elected Members of the Council. It was recommended that the four non-Council Members, appointed by the shareholder, should be sought from a range of backgrounds including finance, legal, commercial housing, and affordable housing.

To safeguard against conflicts of interest between the Housing Company and the Council as the sole shareholder, it was necessary that certain officers and Members were excluded from appointment to the Board, as follows: the Council Leader, the Chairman of the Audit and Standards Committee, an elected Member responsible for planning or any other Member appointed to the Council's Cabinet; or an officer of the Council who had responsibility for undertaking a statutory monitoring officer role or an executive director. It was noted and agreed that no Substantive Member of the Planning Committee would be appointed as a Board Director and that only full Council as the Shareholder could remove and appoint Board Members.

Schedule 1 of the Agreement outlined the powers that the Council choose not to delegate to the Board. However, it would be necessary to seek approval to exercise these powers from time to time and to ensure effective decision making it was recommended that delegated authority to exercise these powers be granted to a 'Shareholder's Representative'. It was recommended that the Executive Director act as the Shareholder's Representative, exercising powers in consultation with the Cabinet Portfolio Holder for Finance and Performance Management.

It was recommended that the Head of Acquisitions, Transformation, and Regeneration was appointed under Section 3.2 of the Shareholder's Agreement as 'Chief Operating Officer' to oversee the day to day running of the Company and progression of the development of the Business Plan until the Board was convened.

It was noted that other matters related to the business would be considered as part of the business plan to be presented to Members at a later meeting, following the incorporation of the company.

RECOMMENDED: That:

- 1) up to four Elected Members of the Council (excluding any Substantive Member of the Planning Committee) and up to four other independent persons be appointed as Executive Directors of the company; and
- 2) the Executive Director be granted delegated authority to act as the 'Shareholder's Representative' allowing the use of reserved powers, in consultation with the Cabinet Portfolio Holder for Finance and Performance Management.

Cabinet also **RESOLVED:** that:

- 1) Rother District Council's Local Housing Company's name be Alliance Homes (Rother) Limited (subject to confirmation);
- 2) the Articles of Association, attached at Appendix A to the report, be agreed;
- 3) the issuance of a single share for the value of £1 to Rother District Council be approved;

- 4) the Shareholder's Agreement be agreed;
- 5) the Head of Acquisitions Transformation and Regeneration be appointed to act as the Chief Operating Officer, until such a time as the Board of Directors are able to convene; and
- 6) Wealden District Council to act as company secretary (named individual to be confirmed).

(Cabinet Agenda Item 10)

Cabinet – 17 August 2020

CB20/33. **COMMERCIAL PROPERTY OPPORTUNITY**

Members considered the confidential report of the Executive Director that gave details of a potential commercial property opportunity. The Property Investment Panel (PIP) had met on 28 July 2020 to consider the outcome of a competitive process to keep a private sector business in Rother. It was confirmed that the Council had secured retaining the business in the District of Rother dependent on Rother District Council (RDC) acting as the funder to a relocation scheme and eventual landlord. Appendix A to the confidential report set out the papers considered by the PIP.

The report gave details of the total expected spend on developing an alternative business location and the expected gross rental income. On completion, the scheme would see an increase in overall income for RDC and improve the long-term sustainability of RDC. RDC were only required to provide funding for the project, as part of a development funding agreement and would not need to procure, or commission any contracts or services beyond advisory services required to protect RDC's interests throughout the development.

The business was seeking to complete the relocation by June 2022 and therefore required RDC's commitment to the project as a matter of urgency.

RECOMMENDED: That

- 1) a budget of £46m for the development of a new location for the business, be funded through borrowing; and
- 2) the project be added to the Council's Capital Programme and be published once commercial contracts between the parties had been agreed.

Cabinet also **RESOLVED:** That delegated authority be granted to the Executive Director to:

- 1) acquire the necessary land at the new location, as indicated in Confidential Appendix A;

- 2) agree a development funding agreement with the appropriate companies for the construction of the new business premises, at this site;
- 3) agree the terms of a lease with the business;
- 4) appoint consultant advisors for specific services, such as legal, project management, and commercial advice; and
- 5) agree and enter into other contracts as necessary to ensure the completion of the project.

*The **RESOLVED** parts of this minute are subject to the call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules.

(This matter was considered exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended).

(Councillor Bayliss declared personal and prejudicial interest in this matter as a close family member was employed by the business and in accordance with the Members' Code of Conduct left the remote meeting room during the consideration thereof).

(Councillor Dixon declared a personal interest in this matter as the Council's appointed representative to an interested party and in accordance with the Members' Code of Conduct remained in the remote meeting room during the consideration thereof).

(Cabinet Agenda Item 10)

Councillor D.B. Oliver
Leader of the Council