

Overview Scrutiny Committee

Thursday, 11 June 2020

7.30 pm

Present:

Cllr Jordan Meade (Chair)
Cllr Steve Thompson (Vice-Chair)

Councillors: Leslie Hills
Emma Morley
Elizabeth Mulheran
Alan Ridgers
Peter Scollard
Lyn Milner
Gurjit Kaur Bains

Note: Councillor: John Burden was also in attendance

Stuart Bobby	Chief Executive
Sarah Parfitt	Director (Corporate Services)
Jan Guylar	Head of Legal Services
Elizabeth Thornton	Service Manager (Property & Regulatory Services)
Andy Rayfield	Communications Manager
Dave Herrington	Digital Manager
Lauren Wallis	Committee Services Officer

Note: Martin LeGrice and Jack Bergin, representatives of Jones Lang LaSalle, were also in attendance.

1. Apologies for absence

An apology for absence was received from Cllr Conrad Broadley and Cllr Gurjit Bains attended as his substitute. An apology for absence was received from Cllr Christina Rolles and Cllr Lyn Milner attended as her substitute.

2. To sign the minutes of the previous meeting

The minutes of the meeting of the Overview Scrutiny Board held on 13 February 2020 were signed by the Chair.

3. To declare any interests which members may have on the items contained on this agenda. When declaring an interest members must state what their interest is.

Cllr Lyn Milner declared an Other Interest in agenda Item 8 – The Charter Regeneration Project as she lived near to the proposed development.

4. Call ins from Cabinet/Individual Cabinet Member decisions

None.

5. Exclusion

Resolved that pursuant to Section 100A(4) of the Local Government Act 1972 that the public be excluded during the following items of business because it was likely in view of the nature of the business to be transacted that, if members of the public were present during these items, there would be disclosure to them of exempt information.

All Members and officers in remote attendance declared that there were no other persons present who were not entitled to be hearing or seeing and/or recording the proceedings.

6. Call ins from Cabinet/Individual Cabinet Member decisions - Investment Opportunity - Long Term Leasehold Arrangement

Further to minute 7 (Cabinet 01.06.2020) the Leader of the Council had made an Individual Cabinet Member Decision (reference 12/C/2020) with regard to Investment Opportunity – Long Term Leasehold Arrangement which had been called in for scrutiny by this Committee.

The Committee was presented with a report which had sought approval for the progression of the proposals outlined within the report in relation to an investment opportunity and a risk matrix had been developed which had resulted in a number of suggested actions to mitigate the perceived risks.

Cabinet had resolved that delegated authority be provided to the Leader to:

- support the proposals for the Council to enter into the transaction as detailed in the report, subject to satisfaction of specific conditions as set out within the report;
- recommend to Full Council that delegated authority be given to the Chief Executive in consultation with the Leader, the Director (Corporate Services) (in the role of Section 151 Officer) and the Deputy Monitoring Officer to take all necessary practical, financial and legal actions required to determine viability of the project and take a final decision to proceed, including entering into the relevant formal legal agreements; and
- recommend to Full Council that the Treasury Management Strategy Statement is updated to extend the existing Operational Borrowing Limit and Authorised Borrowing Limits to ensure there is sufficient capacity to support this investment.

The Leader had made an Executive Decision on 4 June 2020 to recommend to Full Council that:

- delegated authority be given to the Chief Executive in consultation with the Leader of the Council, the Director (Corporate Services)(in the role of Section 151 Officer) and the Deputy Monitoring Officer, to take all necessary practical, financial and legal actions required to determine viability of the project and to make the final decision to proceed, including entering into the relevant formal legal agreements; and
- the Treasury Management Strategy Statement is updated to extend the existing Operational Borrowing Limit and Authorised Borrowing Limits to ensure there is sufficient capacity to support this investment.

The Chief Executive introduced the report by advising that that investment opportunity had been brought to the Council's attention by Reef Estates Limited and was for a long-term sub-lease of a hotel in a good location and gave details of the investments and its potential returns.

The Director (Corporate Services) noted that many officers and Members had attended the briefing held by Reef on 27 May 2020 on this subject and she drew attention to the following:

- The information Pack from Reef at Appendix 3.
- The headline terms set out in paragraph 2.3 of the report.
- The initial due diligence carried out by officers in order to ensure that the proposals put forward were not only in the best interests of the Borough, but also of the Council as a whole particularly in light of Covid-19.

Members of the Overview Scrutiny Committee thoroughly scrutinised the information contained in the report and its appendices and questions, comments and concerns from Committee members were answered or addressed by officers, the Leader of the Council and Mr Martin LeGrice from Jones Lang LaSalle.

Following lengthy debate on this subject, the Chair noted with concern the scale of the proposed investment and the speed of the process and he asked the Leader of the Council to reflect on the points raised during the debate before putting the recommendations as set out above, to Full Council.

Therefore, the Chair moved a motion that the delegated decision by the Leader of the Council not be forwarded to Full Council for consideration at this time in order to permit further due diligence. The motion was seconded by Cllr Alan Ridgers.

The vote was lost and the following members of the Committee asked that their vote in support of the motion be recorded:

Cllrs Gurjit Bains, Leslie Hills, Jordan Meade and Alan Ridgers,

Resolved that the decisions and recommendations to Full Council made by the Cabinet on 1 June 2020 and the Leader of the Council on 4 June 2020 in relation to the Investment Opportunity – Long Term Leasehold Arrangement be noted

7. Call ins from Cabinet/Individual Cabinet Member decisions - The Charter (formerly Eastern Quarter) Regeneration Project

Further to minute 8 (Cabinet 01.06.2020) the Leader of the Council had made an Individual Cabinet Member Decision (reference 13/C/2020) with regard to The Charter Regeneration Project which had been called in for scrutiny by this Committee

The Chair welcomed Cllr John Burden – Leader of the Council and Mr Martin LeGrice and Mr Jack Bergin - representatives of Jones Lang LaSalle, to the meeting.

The Committee was presented with a report on this subject which:

- provided an overview of the progress on The Charter project;
- sought consideration of a request received from the Rosherville Limited Board to the Council, as shareholder, to make available to necessary funding for the project; and
- sought delegated authority to continue the necessary practical, financial and legal actions required to determine the viability of the project and to take the final decision to proceed.

Cabinet had resolved that delegated authority be provided to the Leader to:

- support the proposals for delivering The Charter Project and for the issuance of a long-term loan to Rosherville Limited to ensure the delivery of the project, subject to satisfaction of specific conditions as set out within the report;
- recommend to Full Council that delegated authority be given to the Chief Executive in consultation with the Leader, the Director (Corporate Services) (in the role of Section 151 Officer) and the Deputy Monitoring Officer to take all necessary practical, financial and legal actions required to determine viability of the project and take a final decision to proceed, including entering into the relevant formal legal agreements;
- recommend to Full Council that delegated authority be given to the Director (Communities) in consultation with the Director (Corporate Services) (in the role of Section 151 Officer) to settle the terms and price of disposal of the associated land assets to Rosherville Limited for the purpose of bringing forward the proposed scheme;
- recommend to Full Council that the Treasury Management Strategy Statement is updated to extend the existing Operational Borrowing Limit and Authorised Borrowing Limits to £310.410m and £295.410m respectively to ensure there is sufficient capacity to support this loan; and
- recommend to Full Council that an amount of £82m is added to the approved capital programme for 2020/21 for the purpose of providing long-term funding up to that defined level to Rosherville Limited as a means of delivering long-term economic benefits to the borough for both regeneration and community benefit.

The Leader had made an Executive Decision on 4 June 2020 to recommend to Full Council that:

- delegated authority be given to the Chief Executive in consultation with the Leader of the Council, the Director (Corporate Services)(in the role of Section 151 Officer) and the Deputy Monitoring Officer, to take all necessary practical, financial and legal actions required to determine viability of the project and to make the final decision to proceed, including entering into the relevant formal legal agreements;
- delegated authority be given to the Director (Communities) in consultation with the Director (Corporate Services)(in the role of Section 151 Officer) to settle the terms and price of disposal of the associated assets to Rosherville Limited for the purpose of bringing forward the proposed scheme;
- the Treasury Management Strategy Statement is updated to extend the existing Operational Borrowing Limits Authorised Borrowing Limits to £310.410m and £295.410m respectively to ensure there is sufficient capacity to support this loan; and

- .an amount of £82m is added to the approved capital programme for 2020/21 for the purpose of providing long-term funding up to that defined level to Rosherville Limited as a means of delivering long-term economic benefits to the Borough for both regeneration and community benefit.

The Chief Executive introduced the report advising that the Charter was the latest phase in the redevelopment of the Gravesend Town Centre by Reef Estates Ltd to bring forward residential and commercial development proposals for the land formerly known as the Eastern and Western Quarters of the town centre. The Charter (formerly the Eastern Quarter) covered the Market Square and Horn Yard surface car parks. The residential proposal included the construction of 242 residential units and a 185 space multi storey car park. The development would be built on the current surface car parks behind the market and decisions had needed to be made in relation to borrowing by the Council, onward lending to Rosherville Ltd and an award of a construction contract to Reef. It was intended that a planning application would be submitted for consideration to a meeting of the Planning Committee in July 2020.

The Council had sought external legal and financial advice to undertake an independent review of the proposals.

Members of the Overview Scrutiny Committee thoroughly scrutinised the information contained in the report and questions, comments and concerns from Committee members were answered or addressed by Officers, the Leader of the Council and by Mr Martin LeGrice and Mr Jack Bergin from Jones Lang LaSalle.

Resolved that the decisions and recommendations to Full Council made by the Cabinet on 1 June 2020 and the Leader of the Council on 4 June 2020 in relation to the Charter (formerly known as the Eastern Quarter) Regeneration Project be noted.

Close of meeting

The meeting ended at 10.36 pm