

Appointment of Member Panel for Project Enterprise

Report of the Democracy and Governance Portfolio Holder

Recommended:

- 1. That Councillors A Dowden, Flood, Gwynne, Johnston and P North be appointed to the Member Panel to be consulted by the Head of Property & Asset Management in respect of proposed property investments.**
- 2. That capital budget allocation for Project Enterprise investments be reduced to a maximum of £1M.**

SUMMARY:

- A review of Project Enterprise has been undertaken in light of changing economic circumstances.
- In November 2015, Council approved a delegated authority to the Head of Property and Asset Management, in consultation with a Member Panel, to undertake certain property investments.
- The Member Panel comprises five Members. Following the borough elections in May 2023 it is recommended that the panel be re-appointed to in order to reflect the political balance of the Council.

1 Introduction

- 1.1 Since 2015, the Council has operated a work stream known as Project Enterprise as a programme to increase income and sustain delivery of frontline services.
- 1.2 The Scheme of Delegation includes a delegation to the Head of Property and Asset Management, in consultation with a panel of Members (appointed by Council, consisting of five Members, with a quorum of three for each decision) to consider property investments and authorise expenditure from a pre-approved capital budget allocation.
- 1.3 This report provides an update on Project Enterprise to date, and invites Council to appoint five Members to the Member Panel reflecting the political proportionality of the Council.

2 Background

- 2.1 Project Enterprise has been a successful investment programme for the Council since it was established. In total, £33.9M had been invested in commercial property and £2.9M in residential property as at 31 March 2023.

- 2.2 All investments made under Project Enterprise have been financed from existing capital balances. There has been no borrowing taken out to finance activities.
- 2.3 Overall, income from Project Enterprise is now some £12M greater than the equivalent average earnings from cash holdings.
- 2.4 With changing macro-economic circumstances and a reversal of government guidance on the approach to local authority commercialisation, a review of Project Enterprise has been undertaken to consider the approach in the future.
- 2.5 Over the last year, central government has also updated its guidance to local authorities on how they should restrict commercial activities. This, in part, reflects the increasing number of local authorities who find themselves in financial distress, as a result of imprudent investment decisions.
- 2.6 In the light of the above, the focus for future investments will be in two main areas:
- Re-development of our existing asset base.
 - Investment in property for Valley Housing. Any properties would also serve to meet local housing need and would therefore not be wholly commercial.
- 2.7 The Head of Property & Asset Management currently has authority, after consultation with the Member Panel, to purchase investment properties of up to £3M, with a report back to Council after completion of a purchase.
- 2.8 Since the delegation to the Member Panel was introduced in 2015, several properties have been purchased under this authority. Reports are submitted to Council following each acquisition.
- 2.9 Given the changes proposed for future investment, it is recommended that the £3M threshold be reduced to £1M. Any decision of a higher value would need to be reported to Council ahead of approval being given.
- 2.10 It is considered that a Panel of five Members is still appropriate (given the provision that a quorum of three is needed for decision-making).
- 2.11 Council is kept aware of the investments being made, as each is reported to full Council after the approval decision has been taken.

3 Corporate Objectives and Priorities

- 3.1 Project Enterprise has been established to support the objectives of the Medium Term Financial Strategy, by increasing the Council's income in order to reduce its reliance on government support.
- 3.2 Investments under Project Enterprise generate income, thereby contributing to this objective.

4 Options and Option Appraisal

- 4.1 Option 1 – to not appoint to the Member Panel and not reduce the Capital Budget allocation for Project Enterprise investments.
- 4.2 If the Member Panel was not re-appointed to then the current Membership of the Panel would contain a number of vacancies and would not reflect political proportionality.
- 4.3 Option 2 – to appoint to the Member Panel and reduce the Capital Budget allocation for Project Enterprise investments.
- 4.4 This is the recommended option.
- 4.5 Appointing Members to the Member Panel to fill vacancies and to reflect political proportionality of the Council will allow the Panel to operate in an effective manner and respond to any investment opportunities in a timely manner.
- 4.6 It is not anticipated that the reduction of the capital budget allocation for Project Enterprise will impact on the investment opportunities being considered by the Panel. Any investments in excess of the threshold will be considered by Council.

5 Resource Implications

- 5.1 Investments considered by the Member Panel are limited to a pre-approved budget.

6 Legal Implications

- 6.1 Property investment decisions should be taken in accordance with appropriate authority. Appointing a Member Panel would allow decisions made by the Head of Property and Asset Management (in consultation with the Panel) to be properly made.
- 6.2 The Member Panel is not an ordinary committee for the purposes of the Local Government and Housing Act 1989, and therefore appointments do not have to comply with the rules on proportionality contained in that Act. It is therefore a matter for full Council to determine who should be appointed to the Panel, and in so doing it could appoint on similar principles which were applied when appointments were made to the Council's ordinary committees at Annual Council, but it would not be obliged to do so.

7 Equality Issues

- 7.1 None.

8 Other Issues

- 8.1 Community Safety – none.
- 8.2 Environmental Health Issues – none.
- 8.3 Sustainability and Addressing a Changing Climate – no specific issues.
- 8.4 Property Issues – this report facilitates the Council’s investment in suitable property opportunities.
- 8.5 Wards/Communities Affected – property investment opportunities may arise in any Ward.

9 Conclusion

- 9.1 Appointing five Members to the Member Panel to reflect political proportionality replicates the principles which were applied when appointments are made to the Council’s ordinary committees at Annual Council.
- 9.2 The Member Panel will facilitate property investment when suitable opportunities arise. The appointed Members will be able to consider relevant issues surrounding particular proposed purchases, and all Members will be kept informed of decisions taken by reports back to full Council following such decisions.
- 9.3 Property investments using the pre-approved budget provide income which assists in achieving the Council’s agreed Medium Term Financial Strategy.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Report to full Council 11 November 2015			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	0	File Ref	N/A
(Portfolio: Democracy and Governance) Councillor N Lodge			
Officer	Emma Silverton/ Carl Whatley	Ext	8001/ 8540
Report to	Council	Date	13 September 2023