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# Item Called-in following an Executive Decision: Property Investment Strategy

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<b>Committee considering report:</b>	Scrutiny Commission
<b>Date of Committee:</b>	28 November 2023
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Gordon Oliver
<b>Forward Plan Ref:</b>	EX4402

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## 1 Purpose of the Report

- 1.1 This report presents the call-in request submitted on 6 November 2023 for the Scrutiny Commission to review the Executive's decision (EX4402) of 2 November 2023 concerning the Property Investment Strategy.
- 1.2 The call-in has been submitted in accordance with Parts 5 and 6.9 of the Council's Constitution.

## 2 Recommendation

- 2.1 In accordance with the call-in request dated 6 November 2023, it is recommended that Members of the Scrutiny Commission review the Executive's decision (EX4402) of 2 November 2023 concerning the Property Investment Strategy.
- 2.2 The Scrutiny Commission has the power to make the following decisions regarding a called in item:
  - (a) Confirm the Executive decision; or
  - (b) Propose amendments and refer the matter back to Executive for further consideration; or
  - (c) Having taken advice from the Council's Monitoring Officer and S.151 Officer, the Commission may refer the decision to Council if it is of the opinion that the decision is outside the Budget and Policy Framework approved by the Council.

## 3 Supporting Information

### Executive Decision

- 3.1 The report setting out the review of the Council's Property Investment Strategy was presented for consideration by the Executive on 2 November 2023. The report recommended that the Executive resolve as follows:

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- (a) The Council disinvests from the commercial property portfolio over the medium financial term (MTFS) in order to generate capital receipts.
- (b) Resulting capital receipts should be applied to future capital financing of the approved capital programme and agreed transformation projects with a view to generating longer term revenue savings.
- (c) Approve the proposed disposal in the Part Two appendix E.

3.2 This was debated by the Executive and opposition at the meeting on 2 November 2023. The Executive resolved to approve the above recommendations.

### Call-in of the Decision

3.3 In accordance with the Council's Constitution eight Elected Members (Councillors Dennis Benneyworth, Dominic Boeck, Paul Dick, Clive Hooker, Paul Kander, Ross Mackinnon, Biyi Oloko and Howard Woollaston) called in the Executive Decision (EX4402) on the following basis:

- Having a publicly stated and explicit strategy to disinvest from the entire portfolio over a specific time period puts the Council at a severe commercial disadvantage when negotiating disposals with potential buyers.
- Together with financial projections supporting the strategy indicating that the properties could be sold at a substantial capital loss, again publicly available for the market to see, the decision ensures that the Council will not achieve best value when disposing of these assets and could result in the Council receiving millions of pounds less in receipts than would otherwise be the case.
- The financial projections included in the paper (paragraph 7.3) contained a false assertion that capital financing savings from disposal of the portfolio would be £6.9m annually. In fact these would be cumulative savings over the life of the MTFS. Supporting figures provided in the table were unclear and difficult to follow.
- Cllr Abbs stated during debate on the item that when considering the paper as a member of the Executive, he did not understand the financial analysis provided. It is likely that other members of the Executive experienced similar difficulties.
- In Part 2 of the meeting, verbal clarifications were provided to the Executive shortly before voting. This may not have been sufficient to provide members with appropriate understanding of the financial implications of the decision.

3.4 The Members of the Council who submitted the call-in request proposed that, based on the need for further detailed examination of the points above, an alternative course of action as follows:

- The decision is not implemented and the Council's Property Investment Strategy reverts to the status quo ante;

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- The Property Investment Board, in line with its current Terms of Reference, may from time to time advise the Executive that particular assets may be disposed of, if capital receipts represent best value for the Council;
  - In the absence of property disposals the Council should continue to benefit from rental income in excess of all costs, and
  - The lack of a hard deadline for disposal of the portfolio will allow the Council to retain a strong hand in commercial negotiations.
- 3.5 The call-in request indicated that the Members considered the report to be contrary to the Council's Budget and Policy Framework for the following reasons:
- (a) The Budget set in March 2023 did not envisage disposals from the commercial property portfolio, so the decision is contrary to and not wholly in accordance with the Budget.
  - (b) The Policy Framework reserves the Property Investment Strategy to Council.
- 3.6 The Council's S151 Officer and Monitoring Officer have been consulted in accordance with paragraph 15.2 of Part 6.9 of the Constitution, and they have both determined that the decision EX4402 is not contrary to the Council's Budget and Policy Framework. The reasons for this decision are that:
- (a) the Executive has authority under the existing Property Investment Strategy approved by Council in March 2021, to approve the sale of individual assets.
  - (b) The proposed changes to the Property Investment Strategy will be considered as part of the Investment and Borrowing Strategy at Council in February 2024, as detailed on the forward plan.
- 3.7 Full details of the Council's Property Investment Strategy approved by Council in March 2021 can be accessed via the following link:  
[https://decisionmaking.westberks.gov.uk/documents/s91521/16a.%20Appendix%20E%202021\\_Property%20Investment%20Strategy.pdf](https://decisionmaking.westberks.gov.uk/documents/s91521/16a.%20Appendix%20E%202021_Property%20Investment%20Strategy.pdf)

### **Role of Scrutiny Commission**

- 3.8 The Scrutiny Commission may consider, having taken the advice of the Council's Monitoring Officer and S.151 Officer, whether the matter is contrary to the Council's Budget and / or Policy Framework approved by Council. If it decides that it is contrary to the Council's Budget and / or Policy Framework, then the matter *may* be referred to Council without further debate.
- 3.9 If it decides that it is not contrary to the Council's Budget and / or Policy Framework then, then a report with the Scrutiny Commission's findings will be presented to the next meeting of the Executive (i.e., the meeting following the call-in request) unless there are exceptional circumstances why this cannot be achieved. In these circumstances the Scrutiny Commission Chairman and the Leader of the Council will agree a revised timetable.

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3.10 The report will either confirm the original decision or propose amendments to it in any way it thinks fit and shall give reasons for its final decision. If the Scrutiny Commission upholds the Executive decision, that decision shall take immediate effect.

3.11 It should be noted that any matter which has been the subject of a call-in request may not be the subject of a further call-in request.

## 4 Appendices

Appendix A – Property Investment Strategy Review (Executive, 2 November 2023).

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### Background Papers:

None

**Wards affected:** All wards

### Officer details:

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### Document Control

<b>Document Ref:</b>	Item Called-in following an Executive Decision: Property Investment Strategy	<b>Date Created:</b>	07 November 2023
<b>Version:</b>	3.0	<b>Date Modified:</b>	20 November 2023
<b>Author:</b>	Gordon Oliver		
<b>Owning Service</b>	Strategy and Governance		

### Change History

Version	Date	Description	Change ID
1	7 November 2023	Draft Report	1.0
2	19 November 2023	Updated Report	2.0
3	20 November 2023	Final Report	3.0