



Economic Development Committee

Thursday 15 January 2009 7.30pm

**Council Chamber
Runnymede Civic Centre, Addlestone**

Members of the Committee

Councillors P I Roberts (Chairman), D A Cotty (Vice-Chairman), A Alderson, M J Brown, H A Butterfield, Mrs R M Denby, Mrs C E Gant, J W C Perschke, L C Pouyanne and J J Wilson

AGENDA

Notes:

- 1) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- 2) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr B A Fleckney, Committee Section, Administration and Leisure Department, Committee Section, Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425620). (Email: bernard.fleckney@runnymede.gov.uk).**
- 3) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on www.runnymede.gov.uk.
- 4) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

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PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Information

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11. STONEYLANDS CLUB, EGHAM	8
12. NON-OPERATIONAL PROPERTY REVIEW	9

b) Confidential Information

(No reports to be considered under this heading)

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire and other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign, as a correct record, the Minutes of the meeting of the Committee held on 6 November 2008, which were included in the December 2008 Council Minute Book.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. REVENUE ESTIMATES 2009/10 (DF)

1 Members are asked to consider the draft Revenue Estimates for 2009/10.

2 A budget is the expression in financial terms of the Council's policies over the next year and is a statement of intention against which achievement can be compared. The main objectives of budgeting are:

- Satisfaction of statutory requirements
- Determining the amount which needs to be raised from Council Tax or rents
- Assisting in the planning and policy making process
- Policy implementation and control
- A means of measurement, and
- Strategic planning

3. The report of the Director of Finance containing the draft Revenue Estimates and fees and charges for the services under the remit of this Committee is attached at Appendix 'A'. (The Estimates have been circulated to Members of the Committee and relevant Officers only and a copy has been placed on the website for all other Members and the public).

4 The estimates are separated into the following sections:

- i) Economic Development Committee Estimates (pages 1 - 26);
- ii) Highways Estimates (pages 27 - 38);
- iii) Current and proposed fees and charges (pages 39 -42);
- iv) Assumptions used in setting the budgets for 2009/10 (pages 43 -46).

OFFICERS' RECOMMENDATION that -

i) the Probable Outturn for 2008/09 and draft Revenue Estimates for 2009/10 be approved as submitted and the Corporate Management Committee be requested to make provision accordingly; and

ii) the proposed schedules of charges for 2009/10, as set out in Appendix 'A', be approved to be effective either from the first week of April 2009 or 1 April 2009 as appropriate.

(TO RESOLVE)

Background Papers

None

7. TENANT REQUESTS FOR FINANCIAL ASSISTANCE (DAL)

1. **Purpose of Report**

1.1 **To seek the Committee's instructions on the proper approach towards tenants of properties in the Council's commercial portfolio who request assistance in dealing with current economic conditions.**

2. Background Information

2.1 As the Committee is aware, the Council is landlord of a number of commercial properties. Many of these are small shop units held as investments and/or as strategic acquisitions. There are some large town centre holdings such as the Sainsbury Centre at Chertsey and the Precinct at Egham.

2.2 The rent roll from these properties is substantial, being in excess of £1m per annum.

3. Report

3.1 In the current economic downturn, a number of businesses are experiencing difficulties. The Council is beginning to receive requests (two so far) to offer some assistance as landlord to tenants in distress. Such requests might be for a rent holiday, or a rent reduction whether temporary or permanent. So far, Officers have declined such requests, but more can be expected.

3.2 Broadly, the answers in favour of assisting tenants in this position are that it might help to preserve the economic vitality of the Borough's towns, and keep businesses from folding with the attendant impact on local jobs and knock-on effect on other businesses. If a business is helped to survive, it may also prevent a rental void.

3.3 The arguments against would include the reduction in the Council's rent roll, the possibility that assistance would merely be deferring collapse rather than preventing it, the difficulty of drawing up criteria which could reliably distinguish between worthy and unworthy cases for assistance, and the difficulties which are likely to arise if some businesses are helped while others are refused. Almost inevitably, once it becomes known that the authority is making concessions to some tenants, many others will enquire.

3.4 There is no doubt that there are some tenants who have managed their businesses responsibly, and for whom a temporary reduction in outgoings could be immensely helpful, but this does not diminish the difficulties outlined above. In the past, such requests have been rare and have often been occasioned by special sets of circumstances such as local redevelopment (sometimes brought about by the Council). It has been possible for Officers to deal with these, where warranted, without raising general expectations. However in the current circumstances a more policy based approach is needed.

3.5 The Council as Local Authority clearly has an interest in encouraging and facilitating economic development and vitality within its area. However, it is less obvious that its own tenants should be advantaged more than the tenants of other landlords, or, that because the Council is a landlord it should bear a heavier financial burden. Officers are therefore reluctant to recommend a policy of rent reduction or rent holiday, with or without qualified criteria.

- 3.6 It may be appropriate in some cases to reach terms with a tenant in temporary difficulty for the recovery of rent arrears in instalments to an agreed timescale. This would in many cases be the line taken under normal economic conditions. Before entering into any such arrangement, the Council would need to be satisfied that the tenant had a reasonable prospect of paying off the arrears in due course; otherwise there is little to be gained from postponing recovery action.
- 3.7 It will also be appropriate in some cases to consider adjusting the timetable for payment of rent - for example from quarterly to monthly - to assist tenants with cash flow. There would be a small cash flow penalty to the Council but this needs to be set against potential savings in management costs and voids.
- 3.8 The Council could legitimately take the view that notwithstanding the difficulties outlined above, it would wish to approve criteria under which more significant forbearance could be shown to tenants. If this is the case, a report will be brought back to the March meeting. However the Officer recommendation below is based on a more commercial approach.

OFFICERS' RECOMMENDATION that -

- i) requests for rent holidays or reductions in rent occasioned by difficulties resulting from national economic circumstances generally be refused;**
- ii) the Director of Administration and Leisure be authorised to alter the frequency of rental payments, where appropriate, in the light of a tenant's circumstances and underlying financial stability;**
- iii) the Director of Administration and Leisure be authorised to enter into arrangements with commercial tenants for payments of rent arrears by instalments where Officers are satisfied that there is a strong prospect of the tenant being able to pay off the arrears at a suitable time in the future; and**
- iv) (ii) and (iii) above be subject to discussion with the tenant, inspection of relevant trading and financial records and to the agreement of the Chairman (or in his absence the Vice-Chairman).**

(TO RESOLVE)

Background papers

None

8. STANDING ORDER 42 - URGENT ACTION

The following action has been taken by the Officer shown below after consultation with the Chairman of this Committee under Standing Order 42.

<u>Officer</u>	<u>Action Taken</u>	<u>Central Index No</u>
Director of Administration and Leisure	43/43a Guildford Street, Chertsey - Sale of the Council's freehold interest.	676
Director of Administration and Leisure	Disposal of public conveniences at Victoria Street, Englefield Green	678
Director of Technical Services	Approval of shortlist of contractors to carry out demolition of the old Civic Offices	681

(FOR INFORMATION)

Background Papers

SO42 forms 676, 678 and 681 on Committee Section SO42 file.

9. EXCLUSION OF PRESS AND PUBLIC

OFFICERS' RECOMMENDATION that –

the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in paragraph 3 of Part I of Schedule 12A of the Act.

(TO RESOLVE)

PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for Public Inspection

a)	<u>Exempt Information</u>	<u>Para</u>
10.	PINEFIELDS, CHURCH ROAD, ADDLESTONE – SALE OF SITE	3
11.	STONEYLANDS CLUB, EGHAM	3
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b)	<u>Confidential Information</u>	
	(No reports to be considered under this heading)	