

Minutes of the Meeting of the SHAREHOLDER SUB COMMITTEE held at the Council Chamber, Epsom Town Hall on 23 November 2021

PRESENT -

Councillor Colin Keane (Chair); Councillors Christine Cleveland, Neil Dallen and Hannah Dalton

Absent: Councillor Kate Chinn

Officers present: Jackie King (Director of Corporate Services), Mark Shephard (Head of Property and Regeneration), Brendan Bradley (Head of Finance) and Stephanie Gray (Senior Democratic Services Officer)

1 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors in respect of items on the agenda.

2 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Shareholder Sub Committee held on 22 March 2021 were agreed as a true record and signed by the Chair.

3 ANNUAL REPORT

The Sub Committee received the Annual Report of the Epsom & Ewell Property Investment Company Ltd (EEPIC).

The Sub Committee considered the following matters:

- a) A dividend of £868,000 was paid to the shareholder (prior year dividend £1,339,000).
- b) EEPIC showed retained earnings of £465,000 as at 31 March 2021 (£64,000 as at 31 March 2020), and recorded a full year profit before tax (excluding property revaluations) of £1.45m.
- c) The 2020/21 external audit was completed by Williams & Co within the agreed budget.
- d) It was noted that the tenant in The Cobham Centre, Globe Park, Marlow is Chelton Ltd, a subsidiary of Cobham Aerospace Connectivity, and a

profitable world leader in the design and manufacture of aviation communication systems and navigation antennas.

- e) It was noted that the tenant of the Bracknell property is Bracknell Arlington Square Centre Ltd trading as a serviced office provider, Regus. Whilst the pandemic has had a major short-term operational impact on Regus' business model, long-term Regus expects to gain from the future flexibility that occupiers will demand as the traditional office environment adjusts to increased remote working.
- f) It was also noted that at its Strategy & Resources Committee meeting held on 25 September 2018, the Shareholder suspended any further out-of-Borough commercial property investment acquisitions until further government guidance or case law is published. This was necessary to ensure that the Stakeholder complies with the MHCLG's new statutory Guidance on Local Government investments introduced from April 2018. Clause 46 of the Guidelines states that: "*Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed*". It was confirmed that the new guidance does not affect EEPIC's existing property acquisitions.
- g) A Councillor queried whether it would be worthwhile challenging the Government Guidance. It was noted that whilst an updated Guidance is to be published shortly, the Government is taking more tangible steps to prevent Councils from borrowing money to acquire commercial properties primarily for yield.
- h) A Councillor queried whether it would be possible to acquire commercial property and convert it for residential use. It was confirmed that this is not currently in the business model of EEPIC. It was also confirmed that there would be additional financial implications (such as VAT, corporate tax) to be considered if EEPIC were to purchase a commercial property and refurbish it for residential purposes.

Having considered all the foregoing matters, the Committee resolved unanimously to:

- (1) Note the Epsom & Ewell Property Investment Company Ltd Report to Shareholder (Appendix 1 to the report);**
- (2) Note the Epsom & Ewell Property Investment Company Ltd Shareholder Annual Review (Appendices 2 and 3 to the report);**
- (3) Approve the appointment of the Senior Accountant, Richard Appiah-Ampofo as the Company Secretary for the Epsom & Ewell Property Investment Company Ltd;**
- (4) Approve the Annual Business Plan 2022-2023 (Appendix 4 to the report).**

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- (5) Approve the replacement of the Chief Legal Officer with the Director of Corporate Services as the correct individual for Shareholder-related communication (Paragraph 15: Communications).**

The meeting began at 7.00 pm and ended at 7.37 pm

COUNCILLOR COLIN KEANE (CHAIR)

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