



WORTHING BOROUGH  
COUNCIL

Worthing Leader  
14 December 2018

Decision to be taken on or after  
24 December 2018

Key Decision Yes

Ward(s) Affected: None

**Appointment of Officer as Director for Beta Building, Reading**

**Report by the Director for the Economy**

**Executive Summary**

**1. Purpose**

To agree to appoint a Director to the freehold management company (121 Kings Road Limited) for the purposes of managing the investment property Beta Building Reading, as is required under the terms of the long-lease that Worthing Borough Council has purchased.

**2. Recommendations**

**2.1 Recommendation One**

- To appoint Martin Randall, Director for the Economy, as Worthing Borough Council's nominated company director to 121 Kings Road Limited the freehold management company of Beta Building, Reading

**1. Background**

- 1.1. At 3.13.2 of the Worthing Borough Council Constitution's "Officer Scheme of Delegation" the Head of Major Projects & Investment has delegated authority "To acquire land in connection with the Council's functions and to take leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council's

functions. The constitution specifies “Where acquisition of land is purchased through the Strategic Investment Fund, the delegation is to be exercised in consultation with the Leader, Executive Member for Resources and the Chief Financial Officer”.

- 1.2. In line with this delegation, through an officer decision dated 29/11/2018 the Head of Major Projects & Investment has resolved to purchase Beta Building, Reading on a long leasehold (999 years from 2013) interest in Beta Building, Reading a tenanted office building.
- 1.3. The premises are leased to The Prudential Assurance Company Limited for a term expiring 24th December 2030, approx. 12 years, subject to a rent review in September 2024 and with a break option in 2025 (approx. 7.1 years). Beta Building is one of three interlinked buildings all occupied by the Prudential Assurance Company. The three buildings have a single management company to ensure proper maintenance, operation and management of the premises.
- 1.4. On the completion of the sale the Council is required to nominate a suitable person as a Director of the management company of the building on completion of the purchase. The management company is called “121 Kings Road Limited”. The company number is 05866498
- 1.5. Paragraph 3.2 of Part 3 of the Council’s constitutions which deals with Local Choice functions provides that the decision to “appoint any individual to any office other than an office in which she / he is employed by the Authority” is an Executive matter to be decided by the Leader of the Council.

## **2. Responsibilities of the Director**

- 2.1 The role of the directors is set out in the Articles of Association. They will conduct the day to day business of the company and make decisions based on a majority vote, and all directors (or their alternates) must be present for a board meeting to be quorate.
- 2.2 Directors also have general statutory duties to the company (set out in the Companies Act 2006):
  - To act within powers.
  - To promote the success of the company.
  - To exercise independent judgment.
  - To exercise reasonable care, skill and diligence.
  - To avoid conflicts of interest.

- Not to accept benefits from third parties.
- To declare an interest in a proposed transaction or arrangement.

2.3 They also have further duties e.g. to submit company accounts and to comply with other laws and regulations (e.g. health and safety etc.).

### **3. Financial Implications**

3.1 The Beta building is being acquired as part of the Council's Strategic Property Investment Fund. As part of the acquisition, the Council must appoint a Director to the Management Company.

3.2 The appointment of the Director to the management company requires the Council to acquire 180 B shares in the company for £28,910 which is included in the transaction price when purchasing the property. There is further a stamp duty fee of 0.5% These costs will be funded from the Strategic Property Investment Fund

### **4. Legal Implications**

4.1 Part 3 of the Constitution sets out the Responsibility for Local Choice Functions and delegates the power to the Leader to appoint an individual to any office other than an office in which she/he is employed by the Authority.

4.2 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation

4.3 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.

### **Background Papers**

- Joint Strategic Committee 10/07/2018 "Commercial Property Investment Strategy" <https://www.adur-worthing.gov.uk/media/media,149801,en.pdf/>
- Officer Decision Notice HofMP&I/009/18-19
- Exempt Officer Decision Notice HofMP&I/009/18-19

### **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. Economic**

The proposed purchase necessitating the appointment of a Company Director forms part of the Councils' Capital Strategy to produce additional income

### **2. Social**

#### **2.1 Social Value**

Matter considered and no issues identified.

#### **2.2 Equality Issues**

Matter considered and no issues identified.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered and no issues identified.

#### **2.4 Human Rights Issues**

Matter considered and no issues identified.

### **3. Environmental**

Matter considered and no issues identified.

### **4. Governance**

This aligns with the Councils' Capital Strategy. Investment in good quality commercial property to produce additional income is part of a combined strategy in the Councils' approved budget strategy.