

EAST HERTS COUNCIL

OPENNESS OF LOCAL GOVERNMENT BODIES REGULATIONS 2014 OFFICER DECISION WRITTEN RECORD

Subject matter:	Commercial loan to Millstream Property Investments Ltd to enable acquisition of 15 Bentley Close, Bishop's Stortford CM23 3JZ
Date of Decision:	3 rd April 2019
Exempt /Confidential information (Yes / No):	No
If Exempt/Confidential – reason why:	n/a
Authorising Officer:	<p>Isabel Brittain Head of Strategic Finance and Property</p> <p>Acting under authority delegated within the council's scheme of financial delegations (Appendix 1 to Part 4g: Financial Procedure Rules in the council's Constitution) when making decision (a) listed below.</p> <p>Acting under authority delegated by Council on 19th December 2019 <i>to determine the balance of commercial and other loans relating to the company's activity from inception, the terms of the loans and the conditions</i></p>

	<i>for grant payments to the company with due regard to state aid regulations'</i> when making decision (b) listed below.
Decision:	(a) Approval of a loan of £175,000 to Millstream Property Investments Ltd made on commercial terms, to enable acquisition of 15 Bentley Close, Bishop's Stortford, from the £4.2m capital budget approved by Council on 19 th December 2018 to <i>'be loaned to Millstream on commercial terms or a shareholder cash loans'... 'to (a) enable the company to acquire five open market properties in 2019/20 and (b) fund the delivery of the Kingsmead scheme'</i> . (b) Approval of a commercial loan to represent 63% of the purchase price (this being 60% of the total costs for the property, stamp duty and fees).
Reason(s) for Decision:	To enable Millstream Property Investments Ltd to deliver its Business Plan approved by Council on 19 th December 2018
Details of alternative options, if any, considered and rejected:	Not providing funding – REJECTED as this would result in the risk that Millstream would not be able to deliver its approved Business Plan
Name(s) of any Member who has declared a conflict of interest in relation to	None

the decision that is being taken under specific express authorisation:	
--	--

Details

Milstream Property Investments Ltd ('Millstream') presented its Business Plan to Council, its shareholder, on 19th December 2018. Council approved the Business Plan which included provision in 2019/20 for the acquisition of five open market properties.

At the same meeting, Council approved 'up to £4.20m be loaned to Millstream on commercial terms or as shareholder cash loans... to (a) enable the company to acquire five open market properties in 2019/20 and (b) fund the delivery of the Kingsmead scheme'.

15 Bentley Close represents the first of the five properties identified for purchase by Millstream in 2019/20. Millstream has thus requested to borrow £175,000 on commercial terms to enable this acquisition.

The £175,000 would be made available from the £4.2m capital allocation approved by Council on 19th December 2018 to fund property acquisition and development of the Kingsmead scheme by Millstream.

The council has provided a commercial loan of £175,000 which represents 63% of the property purchase price (and 60% of the total cost of the property plus stamp duty and fees). This is in line with independent advice provided by PWC that the council should look to lend 60%-70% of a wholly-owned company's capital requirements on commercial terms. It also accords with

the level of commercial loan envisioned in the approved Business Plan.

The commercial loan would be secured by charge on the property. This charge would be senior to any other charges placed on the property.

Authority to determine the terms and conditions of these loans has been delegated to the Head of Strategic Finance and Property by Council on 19th December 2019.