

EAST HERTS COUNCIL

OPENNESS OF LOCAL GOVERNMENT BODIES REGULATIONS 2014 OFFICER DECISION WRITTEN RECORD

Subject matter:	Secured and unsecured shareholder cash loans to Millstream Property Investments Ltd ('Millstream') to enable acquisition of 15 Bentley Close, Bishop's Stortford
Date of Decision:	4 th April 2019
Exempt /Confidential information (Yes / No):	No
If Exempt/Confidential – reason why:	n/a
Authorising Officer:	Liz Watts Chief Executive Officer acting in the capacity of the council's Shareholder Representative for Millstream Property Investments Ltd 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).
Decision:	(a) Approval of a shareholder cash loan of £103,000. The loan is being made by the council acting in its capacity as Millstream's

	<p>shareholder to Millstream Property Investments Ltd to enable acquisition of 15 Bentley Close, Bishop's Stortford and to be secured against this property. The loan funding is from the £4.2m capital budget approved by Council on 19th 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></p> <p>(b) Approval of an unsecured shareholder cash loan of £13,630. The loan is being made by the council acting in its capacity as Millstream's shareholder to Millstream Property Investments Ltd to cover the costs of stamp duty and fees associated with the purchase of 15 Bentley Close, Bishop's Stortford.</p>
Reason(s) for Decision:	To enable Millstream Property Investments Ltd to draw down its commercial loan and purchase 15 Bentley Close in pursuit of delivery of 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 the decision that is being taken under specific express authorisation:	None
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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 been granted a commercial loan of £175,000 in support of this acquisition.

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.

To complete the purchase, Millstream requires another £103,000 to cover the remainder of the purchase price and £13,630 to meet the costs of stamp duty and fees. It is now looking to its shareholder, the council, to provide this funding in the form of shareholder cash loans for the two amounts.

The loan of £103,000 will be secured by a charge on the property. The charge will be junior to the charge relating to the commercial loan taken out by Millstream to acquire this property. The £13,630 will be unsecured.

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.

Isabel Brittain, Head of Strategic Finance and Property has confirmed that funds are available to make these loans.