

MINUTES OF A MEETING OF THE
FINANCIAL SUSTAINABILITY COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON WEDNESDAY
16 OCTOBER 2019,
AT 7.00 PM

PRESENT: Councillor G Williamson (Chairman)
Councillors A Alder, I Devonshire,
M Goldspink, G McAndrew, C Redfern,
M Stevenson, T Stowe and A Ward-Booth

ALSO PRESENT:

Councillors B Crystall and M Pope

OFFICERS IN ATTENDANCE:

Isabel Brittain	- Head of Strategic Finance and Property
Rebecca Dobson	- Democratic Services Manager
Geoff Hayden	- Corporate Property Service Manager
Jonathan Geall	- Head of Housing and Health

170 APOLOGIES

Apologies for absence were received from Councillor K Crofton.

171 MINUTES - 22 AUGUST 2019

Councillor A Alder moved, and Councillor T Stowe seconded, a motion that the Minutes of the meeting held on 22 August 2019 be confirmed as a correct record and signed by the Chairman. After being put to the meeting, and a vote taken, the motion was declared CARRIED.

RESOLVED - that the Minutes of the meeting held on 22 August 2019 be confirmed as a correct record and signed by the Chairman.

172 EXCLUSION OF THE PRESS AND PUBLIC

Councillor M Goldspink moved, and Councillor C Redfern seconded, a motion that the press and public be excluded from the meeting for Minute 173 - Consideration of Acquisition, on the grounds that the matter contained exempt information as defined by paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972. After being put to the meeting, and a vote taken, the motion was declared CARRIED

RESOLVED - that under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the discussion of Minute 173 on the grounds that it would be likely to involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the said Act (information relating to the financial or business affairs of any particular person, including the authority holding that information).

173 CONSIDERATION OF ACQUISITION

Members received a report asking the Committee to consider a potential acquisition. The Corporate Property Services Manager said the property detailed in the report had been identified and brought to the Financial Sustainability Board in 2018, and was then presented as an option for purchase at the meeting of the Committee on 22 August. At that meeting the Committee had agreed to explore a possible purchase subject to negotiation of better terms and the undertaking of further due diligence. The Corporate Property Services Manager updated the Committee on the outcome of negotiations, setting out the detail which as referred to in the exempt paper before the Committee.

Councillor G Williamson referred Members to the communication all Members of the Committee had received from Councillor K Crofton, setting out some reservations. He said these reservations did not take account of the improved position achieved through negotiation, including increased potential revenue. The Council faced a budget shortfall and the revenue would make a significant impact.

Councillor A Alder proposed a motion supporting a purchase of the property at the price stated in the exempt report. She said the option to acquire this property had already been discussed at length, and the Council needed to address the shortfall in its budget.

Councillor A Ward-Booth seconded the motion.

Councillor M Stevenson said the Council's aim was to

support the number of businesses. She sought, and was provided with, information on the businesses currently occupying the property as tenants.

Councillor T Stowe said he had previously objected to the asking price, but in view of the improved terms negotiated, he would support the proposal.

Councillor I Devonshire asked for clarification on the Committee's remit regarding allocation of the funding, and the limit of such funding.

The Corporate Property Services Manager said increased funds could be sought from Council.

Councillor M Goldspink expressed concern at the length of time the property had been available, and at the prospect of future circumstances changing which could affect the anticipated income. She suggested deferring a decision in order to take account of the impact of Brexit.

Councillor G Williamson said awaiting the outcome of Brexit could mean deferral for up to six months, and that uncertainty predicted at the time of the Referendum had not materialised into market impacts.

Councillor C Redfern agreed with Councillor Goldspink, and suggested a deferral of one month.

Councillor G McAndrew said there was a need to be realistic, and one month would not make an appreciable difference. In five years' time the Council could consider redeveloping the property, and whilst he accepted there was some uncertainty, the return per annum for the first five years was good.

Members raised further points in relation to the market context and the terms of the proposed acquisition. Councillor Ward-Booth said he understood the concerns expressed, but that legal due diligence would be the next stage and if any problems were detected then, the purchase would not proceed.

The Head of Strategic Finance and Property said negotiations had resolved what had originally been possible complications when Members had considered the property last year. The Committee had to follow the criteria for acquisitions which it had considered at its last meeting. The report before Members set out how the property met the criteria, and proceeding with acquisitions according to those criteria provided assurance as to the approach.

Councillor A Alder said the Council would ultimately have a capital asset, and could choose to dispose of it.

In response to a question by Councillor I Devonshire the Corporate Property Services Manager said a visit to the property for Members could be arranged.

Further questions regarding rent review and the credit checks carried out against tenants were asked, and answers given.

The motion to support the purchase of the property referred to in the exempt paper "Essential Reference Paper B", and to support the recommendation in the report having been proposed and seconded, it was put to the meeting and a vote taken. The motion was declared CARRIED.

RESOLVED – (A) to approve the purchase of the property referred to in the exempt paper “Essential Reference Paper B” at the price detailed; and

(B) to approve delegation to the Head of Strategic Finance and Property and Head of Legal and Democratic Services to undertake due diligence and enter into completion of the acquisition.

Members considered implications of the acquisition for the balance of the capital sum of £3m available to the Committee. Officers advised the Committee meet before the budget setting process in order to propose to Council that it approve an allocation of further resources, so that further incoming-generating acquisitions could be made.

The Chairman thanked Officers for the successful negotiations carried out in respect of the acquisition which had been agreed at this meeting.

Members received a presentation from the Corporate Property Service Manager on further property options currently on the market, setting out yield comparisons. The Corporate Property Service Manager said the properties highlighted in the presentation gave an indication of what was available and the factors to be taken into account. The Head of Housing and Health reminded Members of the principle that in making investment decisions, there was a link between yield and risk.

Members discussed options for further consideration, and commented on which properties should be kept “on the

radar”.

The Chairman agreed to a suggestion from Officers that an extraordinary meeting should be held within the next six weeks.

The meeting closed at 8.02 pm

Chairman

Date