

EAST HERTS COUNCIL

FINANCIAL SUSTAINABILITY COMMITTEE –16 OCTOBER 2019

REPORT BY EXECUTIVE MEMBER FOR FINANCIAL SUSTAINABILITY AND DEPUTY LEADER

CONSIDERATION OF A PROPOSED ACQUISITION

Purpose/Summary of Report

- To consider a proposed acquisition of property.

<u>RECOMMENDATIONS FOR THE COMMITTEE: That:</u>	
(A)	The Committee consider whether to acquire the property referred to in the exempt paper, Essential Reference Paper B.
(B)	The Committee approves 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.

1.0 Background

1.1 The property in question is on the market.

1.2 The property was highlighted to the Financial Sustainability Board back in October 2018 and brought to the first Financial Sustainability Committee on the 22nd August 2019 along with 12 other available properties.

1.3 The Committee agreed to further explore the possibility of the purchase subject to negotiation of better terms and carrying out further due diligence. The Committee felt the asking price

and the rent offered from the sitting tenant was not an adequate return for the investment.

2.0 Subject Property Suitability

Location (20miles from district)	Y	Yield (4% or above)	Y
Not in flood zone	Y	No historic contamination	Y
Freehold or long lease	Y	No costs (exceeding 20% Gross rent)	Y
Planning permission	Y	EPC (a-d)	Y
Within committees' budget	Y	No residential (unless Millstream)	Y
Business tenant (no non-profit)	Y	No voids in first five years	Y

2.1 The property's sales particulars, EPC, location photos and heads of terms for the purchase, and all exempt commercially sensitive information are in **Essential Reference Paper 'B'**.

2.2 The property is a freehold sale with the correct planning permission as use of the building (Use Classes Order B1). There are no residential parts to the property.

2.3 Initial investigations shows the property is not located in a High or Medium flood risk zone or a Zone 1 or 2 risk for surface Water flooding

2.4 Officers have inspected the property and an independent building survey has been carried out. This highlighted no structural, design or condition concerns with the building.

2.5 Office availability has dropped in Hertfordshire, a main factor being the permitted development Residential conversions. Purchasing this office, the Council can protect and control the future use of this building for employment use.

3.0 Report

3.1 See **Essential Reference Paper 'B'**.

4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

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