

CABINET held at COMMITTEE ROOM - COUNCIL OFFICES, LONDON ROAD, SAFFRON WALDEN, ESSEX CB11 4ER, on WEDNESDAY, 4 DECEMBER 2019 at 5.00 pm

Present: Councillor J Lodge (Chair)
Councillors H Asker, D Eke, N Hargreaves, P Lees, L Pepper and J Evans

Officers in attendance: D French (Chief Executive), B Ferguson (Acting Principal Democratic Services Officer), S Pugh (Assistant Director – Governance and Legal Services), A Webb (Director – Finance and Corporate Services) and N Wittman (Assistant Director – Facilities and ICT).

Also present: Councillor B Light (Representing the Green Group); Councillor N Gregory (Chair of the Scrutiny Committee).

CAB59 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Armstrong and Councillor Dean as Leader of the Liberal Democrat Group.

CAB60 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that under section 100I of the Local Government Act 1972 the public be excluded for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 part 1 of Schedule 12A of the Act.

CAB61 INVESTMENT OPPORTUNITY

Councillor Lodge, Leader of the Council and Lead for Strategy, Economy and Investment, presented the report outlining the investment opportunity before Cabinet. He said the item had been considered at the Investment Board where the unanimous decision was taken to recommend the investment to Cabinet for approval.

Members discussed the report and were invited to ask questions relating to the investment opportunity.

In response to a question relating to the funding of the purchase, the Leader said the Investment Board had reached a consensus to fund the direct investment with 80% interest only borrowing and 20% on a repayment basis, in agreement with the S151 Officer's recommendation.

Councillor Evans raised a number of risks relating to the parent company. He said whilst the business was successful, it was a family business and therefore was open to risks relating to succession. The Director – Finance and Corporate Services said discussions were ongoing regarding step-in rights during Phase One of the project in the event the company should fold, and it would be for Members to decide at a future point in time as to whether they would proceed with Phase Two.

Questions were asked regarding the development and maintenance of the site and the various costs that would be involved. The Director - Finance and Corporate Services said the Council would be responsible for maintaining the site but costs had been built into the business model included in the report. He added that there was tolerance in the budget for the project due to the surplus generated by the investment.

In response to a question relating to Phase Two, the Director – Finance and Corporate Services said the Investment Board were likely to recommend acquiring Phase Two but this would be a decision for Members to take at a future stage in the project.

In response to a question relating to the environmentally friendly nature of the units, the Director Finance and Corporate Services said the site already had planning permission and the buildings had not been designed to allow for solar panels. The Chief Executive said the units had been designed to a high level and environmentally friendly practices would be implemented through the facilities management arm of the project. Ten electric charging points would also be available on the site, with infrastructure available for 10 more in the future.

Councillor Light said the recommendation from the Investment Board was invalid as no Independent Members sat on the Board and the election of the Chair at the previous meeting was not procedurally correct. She added that the investment itself was outmoded and this presented a risk, and questioned the Local Plan process in the proposed locality of the site.

The Leader said legal advice had been sought and the Investment Board's decision to recommend the investment was valid. In reference to the Local Plan process, he said the relevant local authority was in a similar stage of the process as UDC but the area in question had one of the fastest growing populations in the country, as well as good transport links.

In response to a question relating to the Council making a direct investment, the Director – Finance and Corporate services said independent advice had been obtained that supported the principle of the acquisition being made by the

Council rather than through an Aspire company. The main benefit to this approach was that the Council would not pay corporation tax.

The Director – Finance and Corporate Services outlined the “get out” strategy for Members. He said Officers had been working on a model to identify the best point at which to sell the asset. The model had identified that sales at any year after year 12 would see a surplus for the Council on the investment. Indicative returns for sale at year 15 and year 30 were included in the report. The longer the Council retained the asset, up to year 30, the greater the surplus.

The Leader said the decision before Members was one of investment or the prospect of cutting council services and staff in light of reduced central government funding. He said he had 45 years’ of professional experience with similar developments and he was very comfortable with this opportunity.

Cabinet RESOLVED:

- i) To adopt the Investment Board recommendations;
 - (a) That the purchase as set out in the report is agreed; and
 - (b) That the purchase is to be funded 80% interest only and 20% on a repayment basis.
 - (c) That the Cabinet expresses an intention to recommend that the Council exercise the pre-emption option, subject to due diligence.
 - (d) That the purchase is made as a direct investment by Uttlesford District Council.
 - (e) That the purchase costs are capitalised.
- ii) To authorise the Director of Finance and Corporate Services in consultation with the Leader and Portfolio Holder for Finance and Budget to conclude the acquisition; subject to iii)
- iii) To request Council to endorse the purchase and to authorise the necessary borrowing.

The meeting was closed at 6.00pm.