

EXTRAORDINARY COUNCIL held at ZOOM on TUESDAY, 23 JUNE 2020 at 6.00 pm

Present: Councillor M Foley (Chair)
Councillors H Asker, G Bagnall, S Barker, M Caton, A Coote (Vice-Chair), C Day, A Dean, G Driscoll, D Eke, J Evans, P Fairhurst, R Freeman, N Gregory, N Hargreaves, V Isham, R Jones, A Khan, P Lavelle, G LeCount, P Lees, B Light, J Lodge, J Loughlin, S Luck, S Merifield, E Oliver, R Pavitt, L Pepper, N Reeve, G Sell, A Storah, M Sutton, M Tayler and J De Vries

Officers in attendance: D French (Chief Executive), B Ferguson (Democratic Services Manager), C Gibson (Democratic Services Officer), S Pugh (Assistant Director - Governance and Legal) and A Webb (Director - Finance and Corporate Services)

C15 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Criscione and Lemon.

C16 EXCLUSION OF 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.

C17 INVESTMENT OPPORTUNITIES

The Leader of the Council outlined the report. He stated that the Council was in a difficult financial situation and needed to act to protect services. He stated that the Investment Board held on 11 June 2020 had been an excellent meeting and that the two new Independent members had made positive contributions. He thanked the Director – Finance and Corporate Services, the Assistant Director – ICT and Facilities and the experienced advisors for their continuing contributions. He detailed each of the investment opportunities and stated that Investment Opportunity (iv) was no longer to be considered as the vendor had withdrawn the option.

He proposed that all the investment options be considered within one single motion and asked, through the Chair, that the Chief Executive provide an updated financial position to Members.

The Chief Executive stated that she had attended the Investment Board meeting held on 11 June 2020 and that consideration of investment opportunities needed to be put in the context of the Council requiring resources to run the

organisation, particularly bearing in mind new roles and responsibilities gained during the Covid- 19 outbreak and the possibility of a no trade deal Brexit position. The current budget deficit forecast was £5m. The Council had to date received Central Government awards of £27,000 and £930,000 and a further package of measures was expected before the end of June 2020. Measures were likely to include consideration of Collection Fund balances, fees and charges and investments. She said that the Government was likely to view future Council investments less favourably. She said that all Councils needed revenue to provide resources and could not run at a deficit. She said that Members needed to consider whether the investment opportunities under consideration would provide the Council with sufficient additional funding.

Councillor Dean joined the Zoom Meeting at 6.30pm

Councillor Hargreaves seconded the motion.

Councillor Sell said that for reasons of good governance each investment opportunity should be voted on separately.

The Chair stated that he had discretion to take each item individually.

Councillor Barker asked that in future greater details of proposed schemes should be provided.

Councillor Bagnall said that total sums should be revised to take account of Investment Opportunity (iv) not being taken forward.

Councillor Evans requested details of covenant arrangements and identification of proposed guarantors. He also commented on the possible fee structure from the law firm that would be involved in the transactions.

In response, the Director – Finance and Corporate Services said that the accounts of the holding company for Investment Opportunity (ii) had yet to be scrutinised. He also indicated that favourable fee arrangements were in place with the law firm.

Councillor Fairhurst said that he recognised that the Council needed investments in place but was concerned about checks and balances within the governance processes.

Councillor Light stated that she appreciated both the situation and all the hard work involved in this matter. However, her party could not support this process. She said there was a lack of investment skills at UDC and good governance arrangements were still not in place. She considered that these proposals were reckless and would present a risk to future generations. She said that her party would vote against all of the investments and she called for a recorded vote.

Councillor Khan confirmed that significant expertise had been provided at the Investment Board meeting. He confirmed that he would support Investment Opportunity (iii) as he considered logistics services to be a sound investment.

Councillor Hargreaves responded to Councillor Fairhurst that many investment opportunities were received and rigorously considered. He stated that the most secure way forward was to diversify the investment portfolio.

Councillor Isham expressed concerns about some of the principles held by the company relating to Investment Opportunity (iii). He also requested that governance issues should be explored further.

Councillor Dean apologised for being late. He sought clarification in respect of the £300m investment ceiling to cover withdrawal of Central Government funding and he said that he hoped that the Council was not being pushed towards becoming a higher spending Council.

The Director – Finance and Corporate Services stated that any money generated this year would be used to offset Covid- 19 costs. Future income would form part of the Medium Term Financial Strategy and would be put towards off setting future deficits. He stated that to date only one scheme within the budgeted £300m of investments had been completed.

Councillor Lavelle said that he was surprised by the governance comments made by Councillors Light and Fairhurst. He stated that the two Independent Members of the Investment Board strengthened governance arrangements and that discussions had taken place at the meeting relating to possible future use of sites.

Councillor Fairhurst said that it was good that Independent Members were now part of the Investment Board but he needed to understand the grounds on which proposed investment opportunities were refused. He had provided a governance paper to the Leader but it had not been accepted.

Councillor Caton indicated that he was faced with a dilemma in respect of Investment Opportunity (iii) in that he would support investments in logistics services locally but was concerned that the investment was in another part of the country and he also had ethical concerns about the company involved.

Councillor Day said that he had listened to the strong message from the Chief Executive and that Members had been elected to look after residents and provide services. He supported the proposed investments.

Councillor Coote said he was surprised by the comments made by Councillor Fairhurst. He said that better governance could be provided through improved scrutiny arrangements. He supported the proposed investments.

Councillor Hargreaves said that many investment opportunities were rejected prior to reaching the Investment Board and information on these opportunities was held by officers. He said that this was a matter of trust and that he was conscious that there was a good finance team and advisors in place.

Councillor Driscoll expressed concern that Members might be voting politically. He indicated that he would support the proposed investments.

Councillor Reeve said that the proposed investment package should be taken as one motion as proposed by the Leader.

Councillor Sell spoke against the principle of taking all proposed investments as one package. He said that he was particularly concerned that one of the Independent Members at the Investment Board meeting had strongly opposed the proposed acquisition of Investment Opportunity (i). He said that he supported the acquisition of Investment Opportunity (iii) with ethical reservations as he recognised the gaps in funding. He stated that investment strategies utilised by nearby Councils involved supporting regeneration local to those Councils.

After taking legal advice the Chair ruled that the motion would be taken in parts and a recorded vote would be taken for each proposed acquisition.

The vote a) to endorse the acquisition of Investment Opportunity (i) subject to the acquisition being for the freehold, up to the sum of £6,100,000 and b) to authorize the necessary borrowing, as set out in the report, up to the sum of £6,100,000 was as follows:

For	Against	Abstain
Cllr Asker	Cllr Dean	Cllr Foley
Cllr Bagnall	Cllr Fairhurst	Cllr Isham
Cllr Barker	Cllr Gregory	Cllr Pepper
Cllr Caton	Cllr Khan	
Cllr Coote	Cllr Light	
Cllr Day	Cllr Loughlin	
Cllr Driscoll	Cllr Oliver	
Cllr Eke	Cllr Pavitt	
Cllr Evans	Cllr Sell	
Cllr Freeman		
Cllr Hargreaves		
Cllr Jones		
Cllr Lavelle		
Cllr LeCount		
Cllr Lees		
Cllr Lodge		
Cllr Luck		
Cllr Merifield		
Cllr Reeve		
Cllr Stora		
Cllr Sutton		
Cllr Tayler		
Cllr De Vries		
Total:		
23	9	3

Result: 23 votes in favour, 9 against and 3 abstentions.

The vote a) to endorse the acquisition of Investment Opportunity (ii) ,subject to the establishment of an acceptable Parent Company Guarantee, up to the sum of £22,000,000 and b) to authorise the necessary borrowing, as set out in the report, up to the sum of £22,000,000 was as follows:

For	Against	Abstain
Cllr Asker	Cllr Fairhurst	Cllr Dean
Cllr Bagnall	Cllr Khan	Cllr Foley
Cllr Barker	Cllr Light	Cllr Pepper
Cllr Caton	Cllr Loughlin	
Cllr Coote	Cllr Oliver	
Cllr Day		
Cllr Driscoll		
Cllr Eke		
Cllr Evans		
Cllr Freeman		
Cllr Gregory		
Cllr Hargreaves		
Cllr Isham		
Cllr Jones		
Cllr Lavelle		
Cllr LeCount		
Cllr Lees		
Cllr Lodge		
Cllr Luck		
Cllr Merifield		
Cllr Pavitt		
Cllr Reeve		
Cllr Sell		
Cllr Storah		
Cllr Sutton		
Cllr Tayler		
Cllr De Vries		
Total:		
27	5	3

Result: 27 votes in favour, 5 against and 3 abstentions.

The vote a) to endorse the acquisition of Investment Opportunity (iii), up to the sum of £39,500,000 and b) to authorise the necessary borrowing, as set out in the report, up to the sum of £39,500,000 was as follows:

For	Against	Abstain
Cllr Asker	Cllr Barker	Cllr Foley
Cllr Bagnall	Cllr Caton	Cllr Lees
Cllr Coote	Cllr Fairhurst	Cllr Loughlin
Cllr Day	Cllr Isham	Cllr Merifield
Cllr Dean	Cllr Light	

Cllr Driscoll	Cllr Oliver	
Cllr Eke	Cllr Pepper	
Cllr Evans		
Cllr Freeman		
Cllr Gregory		
Cllr Hargreaves		
Cllr Jones		
Cllr Khan		
Cllr Lavelle		
Cllr LeCount		
Cllr Lodge		
Cllr Luck		
Cllr Pavitt		
Cllr Reeve		
Cllr Sell		
Cllr Storah		
Cllr Sutton		
Cllr Tayler		
Cllr De Vries		
Total:		
24	7	4

Result: 24 votes in favour, 7 against and 4 abstentions.

The vote b) to authorise the necessary borrowing of Investment Opportunity (v) as set out in the report, of £2,600,000 was as follows:

For	Against	Abstain
Cllr Asker	Cllr Fairhurst	Cllr Foley
Cllr Bagnall	Cllr Light	
Cllr Barker		
Cllr Caton		
Cllr Coote		
Cllr Day		
Cllr Dean		
Cllr Driscoll		
Cllr Eke		
Cllr Evans		
Cllr Freeman		
Cllr Gregory		
Cllr Hargreaves		
Cllr Isham		
Cllr Jones		
Cllr Khan		
Cllr Lavelle		
Cllr LeCount		
Cllr Lees		
Cllr Lodge		

Cllr Loughlin		
Cllr Luck		
Cllr Merifield		
Cllr Oliver		
Cllr Pavitt		
Cllr Pepper		
Cllr Reeve		
Cllr Sell		
Cllr Storah		
Cllr Sutton		
Cllr Tayler		
Cllr De Vries		
Total:		
32	2	1

Result: 32 votes in favour, 2 against and 1 abstention.

Members expressed no objections to part c) of the recommendation to allocate the income generated in 2020/21 from the Investment Opportunities to underpin the core budget requirement, in light of income reductions directly related to the Covid- 19 pandemic.

The substantive approved motion stated:

Council RESOLVED:

a) To endorse the acquisition of:

- (i) Investment Opportunity (i) subject to the acquisition being for the freehold, up to the sum of £6,100,000.
- (ii) Investment Opportunity (ii) subject to the establishment of an acceptable Parent Company Guarantee, up to the sum of £22,000,000
- (iii) Investment Opportunity (iii) up to the sum of £39,500,000

b) To authorise the necessary borrowing as set out in the reports

- (i) Investment Opportunity (i) up to the sum of £6,100,000
- (ii) Investment Opportunity (ii) up to the sum of £22,000,000
- (iii) Investment Opportunity (iii) up to the sum of £39,500,000
- (v) Loan of £2,600,000 to Aspire (CRP) Ltd for further investment at Chesterford Research Park.

c) To allocate the income generated in 2020/21 from the Investment Opportunities to underpin the core budget requirement, in light of income reductions directly related to the Covid- 19 pandemic.

Prior to closure of the meeting, Councillor Day thanked the Director – Finance and Corporate Services and the Assistant Director – ICT and Facilities for their hard work. This received general support.

The meeting ended at 7.45pm.