

COUNCIL held at ZOOM on TUESDAY, 25 AUGUST 2020 at 6.00 pm

Present: Councillor M Foley (Chair)
Councillors A Armstrong, G Bagnall, S Barker, M Caton,
C Criscione, 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, M Lemon,
B Light, J Lodge, J Loughlin, S Luck, S Merifield, E Oliver,
R Pavitt, L Pepper, N Reeve, G Sell, A Storah, M Sutton and
M Tayler

Officers in attendance: D French (Chief Executive), B Ferguson (Democratic Services Manager), C Gibson (Democratic Services Officer),
R Harborough (Director - Public Services) and A Webb (Director - Finance and Corporate Services).

C31 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Asker, Coote and De Vries. Apologies for lateness were received from Councillor Lavelle.

C32 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.

C33 INVESTMENT OPPORTUNITY

Councillor Reeve, as Chair of the Investment Board, summarised the report.

He said that the investment opportunity formed part of the overall investment portfolio. He outlined the proposed purchase arrangements and the arrangements currently in place with the landlord. He said that he did not see the possibility of sub-letting being a risk as it would require UDC agreement. He said that if this opportunity was taken it would provide income of around £1m this financial year and alongside other approved investments would be moving towards the target of between £5m and £7m net annual income from the Investment portfolio. He also outlined the important role played by the Independent Members on the Investment Board and that there had been no dissent from the Investment Board in support for this opportunity.

Councillor Reeve also made Members aware of the withdrawal of two previously approved investment proposals and proposed the motion.

This was seconded by Councillor Hargreaves.

Councillor Lavelle joined the meeting at 6.17pm.

Councillor Sell said that he was ambivalent towards the investment opportunity but that he did not believe that the Council had a coherent investment strategy. He said that the policy was not locally based as for example Scarborough Council's policy. He stated that good governance was important and that he was happy with the roles being played by the Independent Members and that the previously expressed intention of one of the Independent Members chairing the Investment Board was being considered and would be brought back to the Board.

The Chief Executive said that further opportunities within the district were limited but that the Council would evaluate any that did come up.

Councillor Reeve said that the target level for the Investment portfolio had almost been reached and that one further investment of around £25m was needed. In response to Councillor Sell's comments on an Independent Member taking the Chair of Investment Board he stated that this matter was under consideration but that by not being the Chair, the Independent Members were in a better position to fully express their views and engage in debate. This position had been agreed with the Independent Member who had attended the previous meeting of the Investment Board.

The Director – Finance and Corporate Services confirmed that he had contacted large local businesses in the past month but local investment opportunities were limited.

Councillor Evans asked for confirmation that this opportunity was for a freehold interest in the property and he also asked for clarification as to the potential risks of sub-letting.

The Director – Finance and Corporate Services confirmed that it was a freehold interest and explained the significant legal work that could be involved in any future sub-letting arrangements.

Councillor Hargreaves supported the proposal in that it was an excellent location, there were quality tenants and that there was a need for a mixed portfolio, with a yield of 4.2% being produced. He said there were no similar opportunities in the district.

Councillor Khan said that he was in favour of the investment. He said that there would be risks involved if there was a downturn in the retail sector and it was a possibility that the tenant might ask for a reduction of rent. He said that governance arrangements for the Investment Board were important in terms of the quality of independence and that there was a need to ensure that strong monitoring arrangements were in place for the Investment portfolio, including clear, simple dashboards.

Councillor Reeve said that, in respect of this opportunity, the risk with the existing tenant was acceptable due to the quality of the tenant. He also indicated

that the future role of the Investment Board would be changing to one of monitoring the portfolio and that the intention would be to have quarterly reports, including such items as dashboards.

Councillor Dean said that he would be voting against the proposal. He was concerned that if this opportunity was taken then only a third of the Investment portfolio would be in the district. He said that jobs were being lost at the airport and there was no economic strategy in place. He said that there should be a pause in investments and that the Council should look in-district for investment opportunities, possibly at the airport.

The Director- Finance and Corporate Services said that he had investigated possible investment opportunities at the airport but there were none.

Councillor Lees said that the Council was only able to invest in opportunities as they arrived and there was a clear need to continue to fund services. She welcomed the future income stream of around £1m and outlined the green credentials of the tenant.

Councillor Pepper also supported the strong green credentials of the tenant in respect of sustainable fuel and a building with a BREAMM excellent rating.

Councillor Fairhurst thanked Councillor Reeve for his presentation. He spoke about future macro and micro decisions. He said that he understood and supported the decisions to invest outside of district but that moving forward there would be a need for exit strategies, inflation strategies and Portfolio targets to be in place.

The Director – Finance and Corporate Services said that the intention was to have around £300m invested and that on-going maintenance of the fund, involving acquisitions and disposals, would be the next stage moving forward.

The Chair indicated that he would move to a recorded vote on the motion.

Councillor Light asked that a recorded vote be taken on recommendations 2a, 2b and 2c, separately from recommendation 2d.

The Chair agreed to take the recommendation in two parts.

The vote a) To endorse the Investment Opportunity, up to the sum of £60,000,000, b) To authorise the necessary borrowing up to the sum of £60,000,000 and c) To note the withdrawal of two previously approved investment proposals was as follows:

For	Against	Abstain
Cllr Armstrong	Cllr Dean	Cllr Barker
Cllr Bagnall		Cllr Caton
Cllr Criscione		Cllr Fairhurst
Cllr Day		Cllr Foley
Cllr Driscoll		Cllr Lemon
Cllr Eke		Cllr Light

Cllr Evans		Cllr Oliver
Cllr Freeman		Cllr Sell
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 Pavitt		
Cllr Pepper		
Cllr Reeve		
Cllr Stora		
Cllr Sutton		
Cllr Tayler		
Total:		
26	1	8

Result: 26 votes in favour, 1 against and 8 abstentions.

Members expressed no dissent to part d) of the recommendation to request the preparation of a mid-year revision to the Medium Term Financial Strategy, for presentation at the next Council meeting, to reflect the approved investments.

The substantive approved motion stated:

Council RESOLVED:

- a) To endorse the Investment Opportunity, up to the sum of £60,000,000
- b) To authorise the necessary borrowing up to the sum of £60,000,000.
- c) To note the withdrawal of two previously approved investment proposals and
- d) To request the preparation of a mid-year revision to the Medium Term Financial Strategy, for presentation at the next Council meeting, to reflect the approved investments.

The meeting ended at 7.11pm.