

Committee: Council **Date:** Thursday, 8 October 2020

Title: Investment Opportunity 7

Report Author: Adrian Webb, Director - Finance and Corporate Services
awebb@uttlesford.gov.uk
Tel: 01799 510421

Summary

1. This report sets out the action taken by the Director of Finance and Corporate Services under urgent powers, as notified to all councillors by email on 4 September 2020.
 2. **As this investment is not yet finalised the tenant must not be referred to by name.**

Recommendations

- ### 3. The report is noted.

Financial Implications

4. The additional funding will be by way of borrowing and will be funded by the additional rent payable by the tenant.

Background Papers

5. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

The original Council report on Investment Opportunity 7.

Situation

6. On 23 June 2020, Council endorsed the decision to invest in the forward funding Opportunity 7 up to the sum of £39,500,000. At the time, this was deemed sufficient for the proposed scheme.
 7. However at the end of August 2020 the tenant requested two changes to the original scheme
 - a. An electric vehicle charging network across the whole site; and
 - b. Following a Covid review of the office space, a 12,594 sq ft extension to the original building to enable ongoing social distancing.

8. Together, these two changes have increased the build cost from the original £38,270,000 to £41,883,000. In order to achieve the same net yield as originally agreed (5.21%) the rent the Council will receive has also increased from £2,044,000 to £2,219,731 per annum.
 9. It is important to note that the only changes from the previous position are the price the Council pays and the increased rent receivable. The timetable for completion has not changed as the planning application has been submitted alongside work starting on the existing approval.
10. At the June 2020 Council meeting, in addition to approving the investment it was also approved that
- ‘The Director of Finance and Corporate Services in consultation with the Leader, Portfolio Holder for Investments and Business, and the Portfolio Holder for Finance and Budget to conclude the acquisition’.
11. As the yield remained the same and therefore the principal of the investment had not changed the Leader, Portfolio Holder for Investments and Business, and the Portfolio Holder for Finance and Budget agreed to continue with the investment.
 12. On 4 September 2020, the Director of Finance and Corporate Services used urgent powers to approve the additional spend and revised terms, thereby confirming the Council’s ongoing commitment to the project.
 13. It is not currently envisaged that there will be any further amendments to the project, however forward funding arrangements always mean that change requests are a possibility. The key to any changes are to ensure that the rent reflects the extra investment and therefore that the agreed yield remains the same.