

Estates Property Matters

Report of the Finance Portfolio Holder

Recommended:

That the decision to approve the purchase of the properties identified in the Confidential Annexes be noted.

SUMMARY:

- Council has delegated authority to the Head of Property and Asset Management, in consultation with a Member Panel, to purchase property investments where the timing of the normal Council approval process would reduce the Council's ability to complete the purchase.
- The Head of Property & Asset Management, after consulting the Panel, has recently exercised his authority to progress the purchase of three properties.
- In accordance with the original delegated authority, this report is presented to update Council on the details of the purchases.

1 Introduction

- 1.1 The Council's Medium Term Financial Strategy (MTFS) 2020/21 – 2022/23 sets out that the Council will continue to seek out new investment opportunities through Project Enterprise.
- 1.2 The property investments included in this report will help to achieve that objective.

2 Background

- 2.1 In recognition of the fast pace of the local property market, Council has approved a delegated authority to the Head of Property and Asset Management, in consultation with a cross-party Member panel, to purchase property investments from a pre-approved capital budget. A sum of £3M was approved for this purpose.
- 2.2 The panel consists of Cllrs North, A Dowden, Flood, Rowles and Ward.
- 2.3 The panel was established as a means of enabling approval of property investments where the timing of the traditional Council approval process would reduce the Council's ability to complete the purchase.
- 2.4 A requirement of setting up the panel was that the details of any property approvals would be reported to a subsequent Council meeting.

- 2.5 The panel has recently confirmed its support for the purchase of two houses and one commercial property.

3 Corporate Objectives and Priorities

- 3.1 Project Enterprise was established to support the objectives of the MTFs by increasing the Council's income to reduce its reliance on government support. The income generated from the investments approved by the Member Panel will work towards achieving this objective.
- 3.2 The house purchases will also help to deliver the Corporate Plan objective to grow the potential of people to be able to live well and fulfil their aspirations.

4 The Properties

Property 1 – Domestic property in Andover

- 4.1 Property 1 was the subject of a report to the Member panel on 28 August 2019. A copy of the report and the marketing details are attached in Confidential Annex 1.
- 4.2 The building survey was carried out after the initial approval of the panel was received. This identified an increased budget requirement for repairs than was originally allowed in the business case.
- 4.3 An updated report was sent to the panel on 1 October and approval to proceed with the purchase was received on 4 October 2019. The shaded column of the table in paragraph 4.4 of Confidential Annex 1 shows the final approved budget for the purchase.
- 4.4 The purchase of the property has now been completed and the necessary maintenance works are nearing completion. It is anticipated that the property will be ready for letting during February 2020.

Property 2 - Domestic property in Andover

- 4.5 The report for property 2 was sent to the panel on 2 January 2020 and approval to proceed was received on Friday 3 January. A copy of the report and the marketing details are attached in Confidential Annex 2.
- 4.6 The survey of the property was undertaken on 7 January and confirmed that the property is in good condition. The conveyancing to complete the purchase is now underway.

Property 3 – Commercial property in Andover

- 4.7 The property was the subject of a report to the Member panel on 12 October 2019 and confirmation to proceed with the purchase was received on 18 October. A copy of the report to the panel is attached in Confidential Annex 3.
- 4.8 Heads of Terms have been agreed with the vendor for the purchase of the unit. The purchase price is less than the maximum budget contained in the panel report.

- 4.9 It is anticipated that exchange of contracts will be achieved in late January or early February. Completion is expected to take place before the end of the financial year, but is dependent on the occupational lease to the tenant being completed first.

5 Risk Management

- 5.1 An evaluation of the risks associated with the matters in this report indicates that further risk assessment is not needed because the issues covered do not represent significant risks.
- 5.2 The risks associated with the purchases are explained in the respective reports to the panel in the Confidential Annexes.

6 Resource Implications

- 6.1 The business case for each of the purchases is shown in more detail in section 4 of the Confidential Annexes.
- 6.2 The total amount approved to complete the purchases is £1.805M and will be financed from a pre-approved budget of £3M in the Council's Capital Programme.

7 Legal Implications

- 7.1 The conveyancing of property 1 was completed by the Council's Legal & Democratic Service, who will also prepare a lease to Valley Housing for the onward management of the property under existing delegated authority.
- 7.2 The Legal & Democratic Service will also undertake the conveyancing of property 2.
- 7.3 Due to the nature of the purchase of property 3 and the required timescales, external legal advisors have been appointed to oversee the purchase and lease arrangements. This is explained in more detail in section 2 of Confidential Annex 3.

8 Conclusion and reasons for recommendation

- 8.1 The Head of Property & Asset Management has exercised his delegated authority to progress the purchase of three properties after consultation with the cross-party Member panel established for that purpose.
- 8.2 This report provides Council with the details of that decision and the progress made since the decision was taken.

Background Papers (Local Government Act 1972 Section 100D)

None

Confidentiality

Report

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

Annexes

It is considered that the annex contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information relates to the financial or business affairs of both the Council and third parties.

No of Annexes:	3	File Ref:	N/A
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(Portfolio: Finance) Councillor M Flood

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Report to:	Council	Date:	29 January 2020
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