

## Single Member Cabinet Decision

**Executive  
Forward Plan  
Reference****E 2953****Property acquisition – Bath**

<b>Decision maker/s</b>	Cllr Charles Gerrish, Finance & Efficiency
<b>The Issue</b>	Proposed acquisition of an income generating property.
<b>Decision Date</b>	25 <sup>th</sup> March 2017
<b>The decision</b>	The Cabinet Member approves: 1.1 The acquisition of an investment property.  1.2 Capital expenditure on the acquisition of the property and any necessary adjustments to the 2017/2018 capital budget to reflect this approval.
<b>Rationale for decision</b>	The rationale for the decision is largely on a value for money basis, having considered the risks to the Council of not taking it.
<b>Financial and budget implications</b>	The Report Refers. <ul style="list-style-type: none"><li>• A budget of £53.6m was provisionally approved by Council in February 2017 for property acquisitions. Release of this funding is subject to individual business case for each investment opportunity.</li><li>• Total costs of the proposed acquisition are £9.6m including fees.</li><li>• The Council's capital programme includes a provisionally approved budget of £29.1 million in 2017/18 and a further £24.5 million in 2018/19 for property acquisitions which lead to future revenue generation.</li><li>• The report requests the full approval of the capital spend on the acquisition of this property and the necessary adjustments to the 2017/18 capital budget to reflect this approval.</li><li>• The proposal links to the already approved Medium Term Service Resource Plan which places a requirement to generate an additional £1.475 million (net) of income from the Commercial Estate.</li><li>• The acquisition costs will be funded by service supported borrowing, costs of which have been factored in against future rental income projections.</li></ul>

<b>Issues considered (these are covered in more detail in the report)</b>	<p>The Report refers.</p> <ul style="list-style-type: none"> <li>• The Council has been given an opportunity to purchase the freehold interest of an industrial investment.</li> <li>• In accordance with the emerging acquisition strategy this opportunity is located outside of the Council's geographical area.</li> <li>• The Property comprises a bespoke industrial warehouse constructed in 2004 of approximately 89,862 sq ft.</li> <li>• The occupational lease is for a term of 20 years expiring 30th April 2025 with rent reviews increasing by 12.5% of the preceding rent. The passing rent is £696,094 per annum.</li> <li>• A 'Creditsafe' rating has been sought by the Council's advisers and this shows a 'very low risk' Company.</li> <li>• An external acquisition agent has been engaged to assist with the purchase and an independent Valuer to support the business case.</li> <li>• An offer to acquire the property was prepared in accordance with the advice received from the advising agents.</li> <li>• The offer is subject to Cabinet Member's approval.</li> <li>• The acquisition is to be funded through long term borrowing.</li> </ul>
<b>Consultation undertaken</b>	<p>The comments of the Monitoring Officer (Head of Legal and Democratic Services) and Chief Financial Officer were obtained. The Strategic Director for Resources has also been consulted.</p>
<b>How consultation was carried out</b>	<p>Consultation has included 'Face to face' meetings, telephone conversations and written communication (including observations and commentary) which have been considered and included within the Report.</p>
<b>Other options considered</b>	<p>None.</p>
<b>Declaration of interest by Cabinet Member(s) for decision, including any dispensation granted:</b>	<p>None.</p>
<b>Any conflict of interest declared by anyone who is consulted by a Member taking the decision:</b>	<p>None.</p>
<b>Signatures of Decision Makers</b>	<p>Charles Gerrish</p>
<b>Date of Signature</b>	<p>25<sup>th</sup> March 2017</p>