

**To:** Cabinet Member for Finance & Asset Management  
**Date:** 22 February 2022  
**Report of:** Executive Director – Development  
 Head of Financial Services  
 Head of Law and Governance  
**Title of Report:** Purchase of property for regeneration

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To approve the outline terms of the proposed purchase of a property for regeneration purposes
<b>Key decision:</b>	Yes
<b>Cabinet Member:</b>	Councillor Ed Turner, Cabinet Member for Finance & Asset Management
<b>Corporate Priority:</b>	<b>Foster an Inclusive Economy</b>  This enables the regeneration of a property that will support the economy of the city providing business and employment opportunities
<b>Policy Framework:</b>	None
<b>Recommendation(s): That the Cabinet Member for Finance &amp; Asset Management resolves to:</b>	
<ol style="list-style-type: none"> <li>1. <b>Approve</b> the outline terms negotiated in relation to the purchase of the property as set out in Exempt Appendix 1 - not for publication</li> <li>2. <b>Delegate</b> authority to the Executive Director – Development in consultation with the Head of Financial Services and the Head of Law and Governance to approve the due diligence, final form of documents and enter into the transaction.</li> </ol>	

<b>Appendices</b>	
Appendix 1	Exempt Appendix 1 – not for publication
Appendix 2	Exempt Appendix 2 – Risk Register

## **Introduction and background**

1. This property has been identified which broadly meets the criteria for purchase, as outlined under the 2019 Investment Strategy as approved by Cabinet in December 2019 and subsequent update paper provided to Finance Panel in January 2021.
2. The property is a detached, multi-unit industrial/warehouse property. Further detail is included in the not for publication Appendix 1. Outline terms have been agreed for this transaction and approval is sought to proceed and enter into the transaction as described in the not for publication Appendix 1.

## **Sustainability**

3. Opportunities to improve the energy efficiency of the property, and to reduce carbon, will be considered in refurbishment works, informed by the EPC recommendation report and results of building survey to undertaken in due diligence.

## **Financial implications**

4. The purchase of this property will support economic regeneration in the area and as a secondary benefit will provide an injection of revenue for the Council's MTFP. Further details are in Appendix 1 – not for publication.

## **Legal issues**

5. On 19 December 2019 Cabinet considered the governance approach to purchases under the Property Investment Portfolio Analysis and Strategy and made the following resolution:
  - Delegation of the authority for the decision in relation to individual property transactions to the Cabinet Member for Finance and Asset Management, subject to the usual scrutiny period for call in.
6. A Regeneration Board & Investment Board was formed comprising the following post holders in order to advise the decision making process:
  - Cabinet Member for Finance and Asset Management
  - Executive Director - Development
  - Head of Financial Services
  - Head of Law and Governance

This Board met on 18<sup>th</sup> February 2022 and received advice from the Head of Corporate Property. The Board agreed unanimously to support this recommendation to the Cabinet Member for Finance and Asset Management to acquire the property on behalf of the Council.

7. Inherent within the approach agreed by Cabinet in 2019 is no pre-scrutiny. These are essentially operational decisions which are implementing the strategy. Any proposed acquisitions which were significantly outside of the agreed parameters would be reported to Cabinet in the usual manner. For transparency and to mitigate the potential of a call in it is recommended that a briefing paper be circulated for information to Scrutiny Committee ahead of any potential transactions.

8. Whilst the approach has no pre-scrutiny, a paper has been drafted to Scrutiny Committee to update them as to the current position and approach.
9. Due diligence and legal work will be undertaken, the period of which would be for 20 working days after which an exchange of contracts would take place, a 10% deposit would be paid, and the transaction would be binding. Completion of the transaction would then take place after a further 4 weeks.
10. Budget is approved to spend up to £20m in the financial year 2022/23 on property purchases which meet regeneration and financial return models, so this purchase falls within this bracket.
11. Section 120(1) of the Local Government Act 1972 permits the Council to acquire property for the purposes of any of its functions, which include the function of investment as well as for the benefit, improvement or development of its area.
12. This decision is a key decision as it involves expenditure over £500,000. In accordance with legislation, notice of the decision to be made has been published for at least 28 days, by inclusion in the Council's forward plan published on their website.
13. Appendix 1 to this report is deemed to be exempt in accordance with schedule 12A Local Government Act 1973 paragraph 3 as it contains "information relating to the financial or business affairs of any particular person (including the authority holding that information)" and the public interest in disclosing the information does not outweigh the exemption.

#### **Level of risk**

14. A confidential risk assessment is attached at Appendix 2.

#### **Equalities impact**

15. The property will provide space for local businesses and employment opportunities to support the economy and will generate a return to the General Fund, enabling the council to provide discretionary services which delivers benefit to the most vulnerable.

#### **Environmental Impact**

16. Refurbishment works to the property will consider opportunities to improve energy efficiency of the building, informed by both the EPC recommendation report and building survey. An old diesel tank currently situated in the yard will also be removed.

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**Background Papers:** None