

KENT COUNTY COUNCIL –RECORD OF DECISION

DECISION TAKEN BY:

Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

DECISION NO:

19000/59

For publication *[Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]*

Key decision: YES

The decision will result in expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000)

Subject Matter / Title of Decision – Strategic acquisition – Tonbridge and Malling

Proposed Decision:

As Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services I agree to authorise the acquisition of two assets as an investment and delegate authority to the Director of Infrastructure in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services , the Corporate Director for Finance (S151) and the Head of Paid Service to finalise terms and enter into the necessary documentation to complete the property transactions.

Reason(s) for decision:

Investment - The decision will result in expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000) as set out in the exempt report.

Cabinet Committee recommendations and other consultation:

The proposed decision was discussed by the Property Sub-Committee on 17th December 2019 and the proceedings were as follows:

1. The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Mr P J Oakford, gave a brief introduction to the proposed decision, set out the current proposal and explained how it had come about. He advised the committee that the proposal had been assessed fully against the County Council's Investment Strategy and had been reviewed by the Director of Finance.
2. Mr Porter-Williams added details of the properties concerned, including the square footage, current tenancy arrangements and current and likely future rental incomes of each. He advised the committee that the County Council had sought advice from a reputable valuation firm and had made conservative assumptions about the potential future risks around the long-term investment project. He assured the committee that the Property team would monitor closely the rental income and the progress of the current tenancy arrangements.
3. Mr Oakford and the officer team then responded to questions of detail from Members, including the purpose of the proposal as an investment to generate income growth in the longer term, potentially up to 40 years, that possible alternative future uses of the premises

had not been included in the evaluation and financial assessment, what arrangement the County Council could and would make if current tenancies ended and further tenants could not be found, the projected net percentage return and calculated income which the County Council would gain from the investment, and the value of the investment as a way of building a good quality asset base for the future.

4. Ms Cooke emphasised the high level of assessment of each individual proposal to ensure that they met fully the requirements of the Capital Strategy and Investment Strategy. Mr B Watts, General Counsel, referred to the explanation given earlier by Ms Cooke that the financial assessment had looked solely at the proposed investment and advised Members that, if the County Council wished to use the premises differently in the future, any revised use would need to be the subject of a fresh key decision and associated due diligence.
5. While discussing the proposal, Members of the committee expressed general support for it and made the following comments:-
 - a) the need to be clear about what was being proposed and the purpose and likely outcome of it were emphasised, but Members were reassured by the explanations given to them by the officer team;
 - b) the quality of the premises and the buoyancy of the commercial rental market in the area concerned were highlighted;
 - c) concern was expressed about the effect of the recent general election and the imminent departure from the EU on the future buoyancy of the commercial rental market; and
 - d) the importance of maintaining the properties well, and thus protecting the County Council's investment as attractive premises for future tenants, was emphasised.
6. It was RESOLVED that the decision proposed to be taken by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to authorise the acquisition of two office assets as an investment and to delegate authority to the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, the Corporate Director for Finance (S151) and the Head of Paid Service, to finalise terms and enter into the necessary documentation to complete the property transactions, be endorsed.

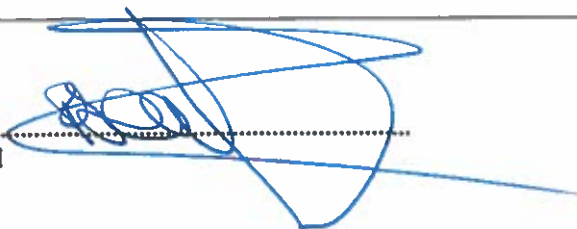
Any alternatives considered and rejected:

As set out in the Exempt Report

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None.

.....
signed



.....
date

24 December 2019