

AGENDA

INVESTMENT BOARD

TUESDAY, 12 JANUARY 2021

2.00 PM

**A VIRTUAL MEETING VIA ZOOM VIDEO
CONFERENCING SYSTEM**

Committee Officer: Linda Albon
Tel: 01354 622229
e-mail: memberservices@fenland.gov.uk

Due to the COVID-19 outbreak and the restrictions by the Government on gatherings of people, this meeting will be conducted remotely using the Zoom video conferencing system. There will be no access to this meeting at the Council offices but you can view the meeting on YouTube, apart from any items marked confidential.

Today's meeting can be viewed via YouTube url: <https://youtu.be/K0Cs49SdVI0>

1 To receive apologies for absence

2 Previous Minutes (Pages 3 - 4)

To approve the minutes of the previous meeting held on 21 October 2020.

3 To report additional items for consideration which the Chairman deems urgent by virtue of the special circumstances to be now specified

4 To receive members' declaration of any interests under the Local Code of Conduct or any interest under the Code of Conduct on Planning Matters in respect of any item to be discussed at the meeting

5 Draft Forward Plan (Pages 5 - 6)

To consider the draft Forward Plan

6 Items which the Chairman has under item 3 deemed urgent

CONFIDENTIAL - ITEMS COMPRISING EXEMPT INFORMATION

To exclude the public (including the press) from a meeting of a committee it is necessary for the following proposition to be moved and adopted: "that the public be excluded from the meeting for Items which involve the likely disclosure of exempt information as defined in the paragraphs 3 of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."

7 Land Acquisition Proposal - Confidential (Pages 7 - 46)

8 Housing Development Proposal - Confidential (Pages 47 - 54)

9 Nene Sites Development Report - Confidential (Pages 55 - 58)

Monday, 4 January 2021

Members: Councillor C Boden (Chairman), Councillor I Benney (Vice-Chairman) and Councillor S Tierney

INVESTMENT BOARD



WEDNESDAY, 21 OCTOBER 2020 - 2.00 PM

PRESENT: Councillor C Boden (Chairman), Councillor I Benney (Vice-Chairman) and Councillor S Tierney

OFFICERS IN ATTENDANCE: Amy Brown (Chief Solicitor and Deputy Monitoring Officer), Peter Catchpole (Corporate Director and Chief Finance Officer), Anna Goodall (Head of Governance and Customer Services), Simon Machen (Interim Corporate Director), Paul Medd (Chief Executive), Carol Pilson (Corporate Director and Monitoring Officer) and Justin Wingfield (Head of Business & Economy)

GUEST: Councillor D Mason

Councillor Boden welcomed members of the public and press watching the livestream of the Investment Board meeting via YouTube due to Government guidance on social distancing. The meeting was held in accordance with the provision set out in the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 and with Fenland District Council's Virtual Meeting Protocol.

IB5/20 **PREVIOUS MINUTES**

The public and confidential minutes of the meeting held 18 September 2020 were approved.

IB6/20 **CONSIDERATION OF INVESTMENT IN RESIDENTIAL HOUSING**

Members considered the Consideration of Investment in Residential Housing report presented by Peter Catchpole.

Members made comments, asked questions and received responses as follows:

- Councillor Boden said that having reviewed the report he thinks the Base Financial Assumptions are subject to challenge. We need to look at what our own potential immediate borrowing costs may be, and it would be unlikely that we would be looking at a 5% p.a. He feels the management costs are too low but the responsive maintenance costs too high and incorrectly dated, as well as the major repairs provision from year 5. For example, the biggest repairs likely to arise would perhaps involve a replacement boiler and this could potentially happen any time from year 1. However, he believes the occupancy level of 96% is achievable if managed properly and the only way this can be done is if the day to day involvement of officers is kept to a minimum; we are not able to run a private property company and would need a professional property management agent to work on our behalf. Our primary involvement would be at the acquisition and potential disposal stage. He would look towards concentrating on the area where we sought to have the accommodation and given the market that exists, believes this should be Wisbech based. Councillor Boden added that we should be looking at properties that would achieve the better yields, which he feels to be smaller flats, which exist in a fair number within Wisbech, and particularly those where the leases do not have a very long period still to run. He would hope these would have an average of at least 8% gross yield and a 5% net yield. However the important thing is that the provision of services

from FDC to Fenland Future Limited (FFL) would itself manage to defray some of our costs within FDC and we may have some significant differential in terms of the interest to be charged because if FFL were a standalone company it would not be able to obtain the level of funding that FDC could. He noted that no account had been taken in the analysis of capital appreciation, therefore we would need to have a plan for both the capital value of properties and their disposal. Councillor Boden stated that he was disappointed that it has not been mentioned that we could have our own housing officers to view each property and carry out an HHRS assessment instead of having a survey which would reduce our external costs, as would doing our own searches. He added there was no mention of a cash purchase factor, which would put us in a stronger negotiating position in terms of the capital cost of acquisition, neither have we factored in any renovation costs which may be required at the start of an acquisition. Furthermore, we have not allowed for the cost of annual gas or electrical safety certificates which are legally required. In conclusion, it would be essential to have a managing agent in place to carry out all these tasks and to organise repairs and maintenance. Councillor Boden's understanding is that those repairs and maintenance costs are no longer tax allowable in a corporate setting, but this needs to be confirmed. Stamp duty land tax also needs to be included in any calculations as does ground rent and lease charges. For many freeholders they make additional money on insurance and maintenance charges to the leaseholders. Therefore there are a number of items to be added to this list but we have the bonus of being able to keep everything local, it relates to our own residents and we have the security of having an asset which is reasonably easily realisable and in the long term there is no reason why the value of property will not continue to increase. Councillor Boden added that he felt that it would be useful to involve Councillor Hoy, not only as a Cabinet member with the Portfolio for Housing, but given her professional experience in the commercial letting market where her input would be extremely helpful to assist us in building a proper business case.

- Councillor Tierney agreed that Councillor Hoy's experience would be valuable. Both he and Councillor Benney also said that they were in agreement with Councillor Boden regarding all the points he had raised.
- Councillor Boden added that from a tax point of view, he is a little concerned about doing all this work under FFL if it is also going to be used for other businesses. He asked if this would be treated for tax purposes as a separate business or would everything FFL did be treated as one business for corporation tax purposes. He would like some consideration to be given to whether a separate subsidiary should be set up to deal with this.
- Peter Catchpole said that the steer provided by Councillor Boden in this meeting would help to build more accurate projections going forward. He added that Councillor Boden would recall in a previous discussion about the LATCo business case there had been a conversation about FFL being the holding company potentially with other trading companies underneath if required. If we go down this route, we would have a separate trading company for the residential property investment, and it is worth exploring as part of the business case.
- Councillor Benney agreed and said any kind of lettings should be dealt with in a separate way to other kinds of investment we are looking at. We are trying to generate income and if we do anything which is speculative we are risking our assets, therefore it makes prudent business sense to create a limited company to protect them.

Investment Board AGREED for officers to continue with a full business case.

IB7/20 DRAFT 6 MONTH FORWARD PLAN

Councillor Boden presented the Investment Board Forward Plan for information.

**DRAFT INVESTMENT BOARD FORWARD PLAN –
Updated 05 January 2021**



DATE	ITEMS
16 March 2021	<ol style="list-style-type: none">1. To approve Fenland Future Limited's Business Plan2. Residential Property Investment3. To review progress in relation to Nene Waterfront4. To approve/review any newly emerging business cases (where available)5. To perform general monitoring and review functions (as appropriate)6. Investment Board Draft Forward Plan
14 April 2021	<ol style="list-style-type: none">1. To perform monitoring and review functions (as appropriate)2. To agreed proposed schedule of quarterly meetings for 2021/22 municipal year for agreement by Full Council3. Investment Board Draft Forward Plan

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank