

Report to the Council

Committee: Cabinet

Date: 19 September 2019

Subject: Asset Management Strategy – Property Acquisition Strategy

Portfolio Holder: Councillor A Patel (Commercial & Regulatory Services)

Recommending:

That Cabinet recommend to Council approval and endorsement of an option to call on supplementary capital of up to £30 million for the purpose of general investment opportunities meeting the criteria outlined in the Asset Management Strategy (as approved by Cabinet in June 2019).

1. Following Cabinet endorsement of the Asset Management Strategy (AMS), EFDC now need to translate this into positive action and pursue the Investment Strategy set out in the AMS. To do so, suitable funding and authority needs to be approved to facilitate EFDC exploring the property investment market and acquiring suitable investment properties (namely those with secure investment returns) in a timely and commercial manner, seeking to balance the wider portfolio against higher risk development opportunities.

2. This would provide clear parameters in allocated funding to undertake suitable investment acquisitions as mandated by the AMS. This will allow EFDC to engage with acquisition agents with a clear rationale and can provide potential sellers with clear timescales on acquisitions, which would be commercially advantageous to EFDC by allowing us to proceed in a commercial and timely manner.

Resource Implications:

3. The required fund of £30m to be resourced via a loan from the Public Loans Fund Board taken on a fixed rate basis for 40 years and on an equal repayment plus interest basis.

4. That the investments taken together meet all the repayment and interest costs and other associated fees (as a minimum).

5. That it should be noted that loans of lesser value may be taken out as the Authority is due to receive repayment of short-term loans to other Authorities. Decisions will take into account the guidance set out in the Treasury Strategy and in particular the need to retain financial liquidity.

Risk Management:

6. Acquiring suitable properties in line with the AMS and Investment Strategy therein will focus on reducing risk to EFDC through acquiring strongly performing

assets (both from an investment and a socio-economic focus) and reduction of risk both to existing income streams and offsetting any risk from proposed developments.

Conclusion

7. We recommend as set out at the commencement of this report.