

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE EXECUTIVE - 20 NOVEMBER 2020

SUBMITTED TO THE COUNCIL MEETING – 15 DECEMBER 2020

(To be read in conjunction with the Agenda for the Meeting)

Present

Cllr John Ward (Chairman)	Cllr Nick Palmer
Cllr Paul Follows (Vice Chairman)	Cllr Anne-Marie Rosoman
Cllr Peter Clark	Cllr Liz Townsend
Cllr Andy MacLeod	Cllr Steve Williams
Cllr Mark Merryweather	

Apologies

Cllr Michaela Martin

Also Present

Councillor Julia Potts, Councillor Carole Cockburn, Councillor Steve Cosser, Councillor David Else, Councillor Jenny Else, Councillor Michael Goodridge MBE, Councillor John Gray, Councillor Chris Howard, Councillor Peter Isherwood, Councillor Anna James, Councillor Robert Knowles, Councillor Peter Martin, Councillor Stephen Mulliner, Councillor Trevor Sadler, Councillor Penny Marriott, Councillor Christine Baker, Councillor Maxine Gale, Councillor George Hesse, Councillor Richard Seaborne, Councillor Peter Marriott, Councillor George Wilson, Councillor Sally Dickson, Councillor David Beaman and Councillor Jerry Hyman

EXE 51/20 DECLARATIONS OF INTERESTS (Agenda item 2)

There were no declarations of interest raised under this heading.

EXE 52/20 QUESTIONS FROM MEMBERS OF THE COUNCIL (Agenda item 3)

There were no questions from Members.

PART I - RECOMMENDATIONS TO THE COUNCIL

There were no matters falling within this category.

PART II - MATTERS OF REPORT

The background papers relating to the following items are as set out in the reports included in the original agenda papers.

EXE 53/20 PROPERTY ACQUISITION FOR CONSIDERATION (Agenda item 4)

53.1 The Leader introduced this agenda item by advising that due to the commercial sensitivity of the matter, it would be necessary to move the meeting into Exempt session at some point. He cautioned Members to take care in their comments to avoid referring to Exempt matters whilst still in Open session.

- 53.2 Cllr Mark Merryweather, the Portfolio Holder for Finance and Assets, introduced the proposed property acquisition by setting out the role of the council's property investment strategy in the Medium Term Financial Plan (MTFP). In the face of cuts in government funding, and increasing budgetary pressures, property investment was one of the few ways that the council could increase generate income that could be used to provide council services. Ensuring the financial stability of the council was a primary goal of the Property Investment Strategy, as well as enabling longer term ambitions in relation to providing affordable and sustainable housing for residents.
- 53.3 The particular property which the council was considering buying was an established cash-generating asset, which would make an immediate positive contribution to the MTFP, diversify the council's property portfolio, and reduce risk. The council had taken expert advice on the tenant and the sector, and considered the tenant's environmental, social and governance credentials, and was satisfied that there were no reasonable grounds on which to object to the investment.
- 53.4 A number of Members had registered to speak on this item. The following Members confirmed that their statements related only to matters contained within the Open report:
- Cllr Steve Cosser noted that the proposed acquisition was a supermarket, and outside the borough, and that the purchase was to be funded from internal cash. He asked whether the strategy to invest within the borough was being abandoned, and whether the cash could not be used to provide a new Cranleigh Leisure Centre or community hub.
 - Cllr John Gray questioned whether the property concerned could credibly be described as being within Waverley's 'area of economic influence'; and, whether using treasury funds for the purchase was going beyond what was permitted in the Treasury Management Policy.
 - Cllr Jerry Hyman also questioned the justification for investing outside of the borough, whether other options, such as cutting waste and expenditure, had been fully explore before looking at property investment, and the risk of relying on experts.
 - Cllr Peter Martin questioned whether investing outside of the borough was contrary to strategy, and whether there was a financial risk to the proposed investment exit strategy.
- 53.5 In response, Cllr Merryweather explained:
- the acquisition would be funded from internal borrowing, which would increase the net yield; it would also generate usable income to spend on services, from cash holdings that could not be used to fund services.
 - with regard to the location of the property, the Property Investment Strategy prioritised investment within the borough, but did allow investment outside the borough if opportunities arose. The rural nature of Waverley meant that the type of investment the council needed was not readily available within the borough. The 'zone of economic influence' was preferred but not an absolute requirement.
 - Investment in property was one part of the MTFP to address the budget gap, which included constraining expenditure on services. The resident survey in 2019 had endorsed the strategy to investment in property to protect council services.
 - Members had been impressed with the breadth and depth of knowledge of the council's property advisers, and were satisfied with the advice received.

- 53.6 Cllr Follows reiterated the need to invest in property in order to make up for cuts in government funding. Cutting staff to reduce costs, directly impacted on services and had to be a last resort, not the first response; and, suggesting reducing waste was a solution to the issue failed to recognise the scale of the budget gap the council was facing.
- 53.7 At 17.01h, on the recommendation of the Leader, the Executive **RESOLVED** that pursuant to Procedure Rule 20 and in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during the further consideration of this matter on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 53.8 At 17.47h, the meeting resumed in Open session. On the recommendation of the Leader, the Executive agreed to remove the 'Deputy Leader' from the proposed delegation to officers.
- 53.9 The Executive **RESOLVED** to approve the purchase of the property identified in Exempt Annexe 1 within its delegation limit of £10 million subject to:
- 1.1 A bid of up to £6,955, 000 to acquire the freehold, subject to satisfactory completion of the further evaluation work and due diligence referred to in this report.
 - 1.2 To delegate to the Strategic Director (Sec 151) and the Chief Executive, in consultation with the Portfolio Holder for Finance, Assets and Commercial Services:
 - i) The undertaking and signing off of the evaluation work and due diligence required as referred to in recommendation 2.1;
 - ii) The decision not to submit a bid or to withdraw a bid if already submitted, in the event that the evaluation work and/or due diligence is not satisfactory;
 - iii) The decision to accept a lower financial return (after internal borrowing costs) than required in Waverley's investment criteria, if justified after evaluating the wider strategic and long term benefits of acquiring this site;
 - iv) To finance the acquisition as set out in this report;
 - v) To delegate the completion of legal matters and signing of appropriate contracts to the Strategic Director (Sec 151) and the Chief Executive, in consultation with the Portfolio Holder for Finance, Assets and Commercial Services.

The meeting commenced at 4.00 pm and concluded at 5.52 pm

Chairman

Executive 4
20.11.20