

DECISION NO:

18/157

For Member Services use only

Concurrence No:

0066238

Action under delegated authority of Chief Executive	
Action under delegated authority of Director of Finance and Cabinet Member for Finance	X
Action taken by Chief Executive in consultation with Cabinet Member(s)	

Subject: Drawdown of Loan funds to Badger BC Investments to acquire 24 to 28 Andrews Lane Cheshunt

Signature and designation of officer(s) taking action:

_____ 21.11.18 _____ 20.11.18
 Chief Executive Date Director of Finance Date
 _____ 20/11/18
 Head of Financial Planning and Reporting Date

Name of Cabinet Member(s) Consulted:

I have been consulted and concur with the proposals set out below:

Councillor K A Ayling

Cabinet Member for Finance

Signature: _____

Date: _____

22/11/18

Councillor

Cabinet Member for

Signature: _____

Date: _____

Name of any member who has declared a conflict of interest in relation to this decision: _____

THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE

The report overleaf sets out the decision to be taken, the reasons for the decision, and the details of alternative options, if any, considered and rejected.

Officer decisions are available for public inspection, both at the Borough Offices and on the Council's website, for a period of six years after the decision is made. Background papers are available for four years.

RECOMMENDED that:

Drawdown of funds to enable a loan to Badger BC Investments Ltd to fund the acquisition of 24 to 28 Andrews Lane be approved to cover the purchase price of £860,000 and stamp duty costs to £60,000.

Purpose

To approve drawdown of funds to Badger BCI Ltd for the acquisition of 24 to 28a Andrews Lane, Cheshunt.

The Project

A budget of £5,000,000 was approved by Council in February 2014 for loans to Badger BC Investment Ltd over the first four years of trading. Subsequently in September 2015 the £5 million was combined with the £15 million of previously approved Capital Acquisition budget to make a joint fund of £20 million for the acquisition of commercial investment property or loans to Badger BC Investments Ltd, the split to be approved by the Chief Executive in consultation with the Director of Finance and the Cabinet Member for Finance. Subsequently additional commitments to the budget have been approved increasing the available fund to £24.5 million.

Badger has made and had an offer accepted of £860,000 to acquire the freehold interest of 4 no new build flats at 24 to 28a Andrews Lane Cheshunt.

The flats are 2 no 2 bed flats and 2 no 1 Bed flats each with allocated car parking spaces. The flats are being acquired with full vacant possession and the anticipated annual income from the flats is £48,000 and management fees estimated at 6.75%.

The Board of Badger BCI Ltd agreed to the acquisition of the property in July 2018.

The current situation in regards to the acquisition and Investment Budget is as follows:

	£	£
Property acquisition budget		24,500,000
Council Property Acquisitions	9,205,818	
<i>Balance</i>		<i>15,294,182</i>
Other Council committed spend (New Builds)	4,200,000	
<i>Balance</i>		<i>11,094,182</i>
Badger BCI		
Total drawdown as at June 2018	9,433,434	
<i>Balance</i>		<i>1,660,748</i>
Loan for Andrews Lane	920,000	
Remaining property acquisition budget		740,748

Financial, Legal and Risk Management Implications

The acquisition will also attract costs to Badger estimated at £60,000. Therefore a total loan of up to £920,000 is required.

Badger will repay the loan over a period 40 years at 4% being £36,800 leaving a balance of £11,200 for management fees of £3,240 per annum and profit margin of £7,780 per annum

Alternative Options Considered and Rejected

None

Contribution to the Council's Objectives

The loan to Badger BC Investments will contribute to the revenue income received by the Council.

Conclusion

That a loan of up £920,000 be approved to Badger BC Investments to enable the acquisition of 24 to 28a Andrews Lane, Cheshunt.

Contact Officer: Kevin Clark

Ext: 5541

Date: 19 November 2018

Action reported to the Cabinet on:
