

MID SUFFOLK DISTRICT COUNCIL

COMMITTEE: CABINET	REPORT NUMBER: MCa/18/34
FROM: Cabinet Member for Assets & Investments	DATE OF MEETING: 08/10/2018
OFFICER: Emily Atack (Assistant Director, responsible for Assets & Investments)	KEY DECISION REF NO. CAB83

Strategic Property & Land Investment Fund

1. PURPOSE OF REPORT

- 1.1 This report requests Cabinet's approval to the process for acquiring strategic land and property via the Strategic Property and Land Investment Fund of £3million which was approved by Cabinet in June 2018.
- 1.2 The process will enable the Council to act quickly and efficiently as opportunities arise and will ensure appropriate due diligence and consultation is undertaken prior to any acquisition. Each acquisition will be reported to Cabinet following completion of the purchase.

2. OPTIONS CONSIDERED

- 2.1 The following options have been considered:
 - 2.1.1 **Option 1** Acquisition to be approved by Cabinet prior to purchase.
 - 2.1.2 **Option 2** Adopting a suitable process;
- 2.2 Both options above have been considered and the recommended option within this report is option 2, to adopt an appropriate process which does not require prior Cabinet approval for acquisitions. The reason the other option has not been recommended is detailed below.
 - 2.2.1 **Option 1** - This does not allow the Council to react and secure strategic assets on a level playing field with the commercial sector.

3. RECOMMENDATIONS

1. That Cabinet allocates £3M from the Growth & Efficiency Fund for use by the Strategic Land and Property Fund as set out within this report and Appendices
2. That the process for acquisitions, as set out in Appendix A of this report, in respect of the Strategic Property and Land Fund of £3million, be approved and the Strategic Director, with responsibility for Assets and Investments, in consultation with the Cabinet Members for Assets and Investments, Finance and Economy, be delegated the authority to make minor amendments to the process

3. That the authority to pursue and finalise purchases of strategic property and land, is delegated to the Strategic Director, with responsibility for Assets and Investments, in consultation with the Cabinet Members for Assets and Investments, Finance and Economy.

REASON FOR DECISION

To enable the Council to react and secure, when required, strategic property and land, as an investment opportunity, and to assist future house building and economic growth within the district.

4. KEY INFORMATION

- 4.1 The Council approved the formation of a Strategic Land and Property Fund of £3m in June this year, since that date a process has been developed to ensure that acquisitions to the fund are undertaken in a professional manner with strong due diligence and robust consultation and in a transparent manner. The indicative process flow chart is attached at appendix A.
- 4.2 The nature of negotiating on property and land purchases means that the ability to act quickly and with the relevant authority is often needed. Having to make offers which are subject to Cabinet approval and wait for the next meeting cycle for proposals to be formally approved is not efficient, especially when in competition for strategic property and land with the commercial and housebuilding sectors.
- 4.3 At the June Cabinet it was agreed that the following criteria would be used to guide such property and land purchases:
- a) The property/land will be within the district of Mid Suffolk;
 - b) Both urban and rural opportunities will be considered;
 - c) The purchases of the property/land would represent good value for money given the potential return on investment;
 - d) The property/land will have some development potential, although not necessarily immediate, to allow the Council to be able to take a medium and long-term view;
 - e) No more than £1.5m will be paid for any individual land or property acquisition;
- 4.4 All purchases will be subject to obtaining a third-party external valuation from an appropriately qualified and experienced Chartered Surveyor, to ensure that the price paid is appropriate. The Council's s.151 officer will be consulted and there will be consideration of the budget required to acquire the property and the financial implications of acquiring the property. The portfolio holders for Finance and Asset & Investment will be consulted and their approval to proceed will necessary to enable the acquisition to proceed.
- 4.5 This report seeks delegation to amend the process from time to time if appropriate. This is to ensure that any improvements to the process, or changes to legislation can be adopted quickly without delaying any pending acquisition.

5. LINKS TO JOINT STRATEGIC PLAN

5.1 The purchase of the property, highlighted within this report and the opportunity to purchase future properties and land, meets the following key strategic priorities and outcomes:

5.1.1 Property investment to generate income and regenerate local areas

5.1.2 Ensure there are enough good quality, environmentally efficient and cost-effective homes with the appropriate tenures and in the right locations

5.1.3 Making best use of land and buildings across the Suffolk system

5.1.4 Further develop the local economy and market towns to thrive.

6. FINANCIAL IMPLICATIONS

There are no new financial implications in respect of the process being put forward, the decision to allocate £3M to the strategic property and land fund was made in June. This will be allocated from the Growth & Efficiency Fund.

Revenue/Capital/ Expenditure/Income Item	
Capital	
Strategic Property and Land Fund (to include all associated purchase costs)	£3m

7. LEGAL IMPLICATIONS

7.1 The Local Government Act 1972, Section 120, gives the Council the power to acquire property and land.

7.2 The purchase of the property mentioned in this report and future properties/land will be subject to a legal contract. The development of the property/land may also require a planning application to be submitted or change of use.

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No. 4c. If we do not manage our asset portfolio effectively it may result in: lost opportunity; loss of capital value; increased revenue costs and loss of public confidence.

8.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
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Strategic Asset Management Operational Risk 4A08. If we do not have readily accessible funds with appropriate delegations in place to make timely strategic acquisitions, then the council may miss opportunities to add assets to its portfolio which could contribute significantly to its strategic priorities	2 - Unlikely	3 – Bad / Serious	Identify funding and put appropriate delegations in place via MSDC Cabinet.
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9. CONSULTATIONS

- 9.1 Prior to all purchases, consultation will be made with all local ward members to the land or property
- 9.2 Consultation will also take place with Planning Officers who will be able to provide pre-application planning advice for all properties and sites prior to acquisitions being completed, where appropriate.
- 9.3 Consultation with the public would also take place under the usual planning process in the event of any future redevelopment.

10. EQUALITY ANALYSIS

- 10.1 The content of this report is such that there are no equality issues arising directly from this report and an Equality Impact Assessment (EIA) is not required.

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 Environmental issues will be considered prior to all acquisitions being made, for example as one area of due diligence, energy certificates will be obtained and reviewed.
- 11.2 All acquisitions will be reviewed, post purchase, to enable all acquisitions to be as energy efficient as possible

12. APPENDICES

Title	Location
(a) Acquisition Process	Attached
(b) Cabinet Report 7 June 2018	Attached