


Agenda Item No:	11	
Committee:	Cabinet	
Date:	16 th December 2024	
Report Title:	Purchase of a property portfolio in Fenland – update on Due Diligence	

The Schedule to this Report comprises EXEMPT INFORMATION which is not for publication by virtue of Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act, 1972 (as amended) in that it contains information relating to the financial and business affairs of Fenland District Council and 3rd parties together with the privileged legal advice necessary to inform the decision to be taken.

Cover sheet:

1 Purpose / Summary

- 1.1 This report is provided to update members on the proposed acquisition of residential property known as Meadowcourt and located in Elm, near Wisbech.
- 1.2 The property, if acquired, will assist Fenland District Council both in terms of supporting objectives from a housing duties and commercial investment perspective.

2 Key Issues

- 2.1 The Council became aware of a property portfolio for sale in Elm comprising of 7 units and a main house.
- 2.2 All the 7 units are tenanted and producing a rental income that could deliver an income to the Council to support objectives set out in the Commercial Investment Strategy in the shorter term, whilst in both the shorter and longer term assisting the Council to meet its statutory housing duties.
- 2.3 The main home has the potential to be converted into flats to help the Council meet its statutory housing duties in a more financially efficient way.
- 2.4 When financially assessing both the shorter-term commercial investment of the existing rented flats and the potential additional financial benefits from the house conversion to help meet housing statutory objectives in a more cost-effective way it is assessed as a suitable property to purchase as a commercial asset.
- 2.5 Officers have been undertaking the due diligence required to complete the purchase in accordance with the Cabinet decision to proceed with the purchase at its meeting on the 30th September 2024, minute CAB18/24 refers.

3 As part of these tasks new information has come to light and the purpose of this Report is to update Cabinet members and to seek reaffirmation of the decision to proceed with the purchase as appropriate. Recommendations

3.1 Cabinet is requested to consider the new information presented in this Report and in particular the financial and legal implications as set out in Schedule 1 and:

- a) Determine whether to reaffirm its decision of 30th September 2024 which was to:
 - Authorise officers to purchase through the Council’s Section 151 Officer the portfolio of property available at Meadowcourt Elm in consultation with the Portfolio Holder for Finance (The Leader) and Housing and following satisfactory due diligence procedures.
 - Authorise officers to proceed with a planning application for the conversion of the main house to provide additional accommodation as detailed herein with costs to be approved in advance in consultation with the S151 officer and portfolio Holder for Finance (The Leader); and
- b) Authorise officers to undertake the actions proposed as set out in Schedule 1 as part of the ongoing due diligence.

Wards Affected	All Wards
Forward Plan Reference	KEY13NOV24/01
Portfolio Holder(s)	Cllr C. Boden Leader, Portfolio Holder for Finance and Investment Board Chairman Cllr S. Tierney, Investment Board Cllr I Benney, Investment Board Cllr S. Hoy - Portfolio Holder Housing and Licensing
Report Originator(s)	Mark Greenwood – Head of Property, Assets and Major Projects Dan Horn – Assistant Director
Contact Officer(s)	Mark Greenwood – As above Dan Horn – As above Peter Catchpole – S151 Officer and Corporate Director Carol Pilson – Corporate Director
Background Papers	Report and Schedules 1 and 2.pdf

4 REASON FOR EXEMPTION

- 4.1 Schedule 1 & 2 of this Report is NOT FOR PUBLICATION in accordance with Paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial dealings of the authority and a private individual together with the legal advice required to enable an informed decision to be taken. The public interest test has been applied to the information contained within this exempt report and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

5 BACKGROUND AND INTENDED OUTCOMES

- 5.1 The Council has an approved Commercial Investment Strategy (CIS) to allow the Council to make investments to help support delivery of both a balanced budget and support business plan objectives.
- 5.2 The proposed investment to purchase the property portfolio at Meadowcourt, Elm gives rise to a further opportunity to deliver financial savings to the Council's housing duties and helps support delivery of the CIS.
- 5.3 The property currently has 6 one bed properties and 1, 2 bed property which are fully let to tenants, and these will remain in situ until such time as they are vacated by the occupiers of their own volition.
- 5.4 The main house is presently occupied by the vendor's family and will be sold with vacant possession however officers believe this unit is capable of sub-division to provide a further 5 studio apartments alongside the 7 existing flats subject to planning consent.
- 5.5 These additional units once completed will be used to support our housing duties.
- 5.6 The property was on the market for £800k. The Council has since undertaken a valuation undertaken in accordance with the requirements of the RICS Appraisal and Valuation Manual.
- 5.7 The revised value together with the overall financial impact is as set out in exempt Schedule 1.
- 5.8 The property was constructed as a single-family dwelling with a quadruple garage and garden house, both have now been converted to various self-contained units as has part of the original house. The remaining areas of the main house still offer substantial accommodation and are presently occupied by the vendor.
- 5.9 The existing 7 self-contained units are presently all let on tenancies bringing in an income. These are residential lettings.
- 5.10 Six of the self-contained units provide one bedroom accommodation, along with one 2-bedroom property.
- 5.11 Whilst there would not be an immediate need to refit any of the existing units, in time refurbishment would be required and costs would reflect the scale of the units.
- 5.12 The grounds wrap all around the site and would require significant maintenance.

- 5.13 Planning consent (as per paragraph 5.4) would be required for the subdivision of the main house into 6 further units and would be subject to due process in accordance with Planning regulations.
- 5.14 Officers have been undertaking the due diligence required to complete the purchase in accordance with the Cabinet decision to proceed with the purchase at its meeting on the 30th September 2024, minute CAB18/24 refers.
- 5.15 As part of these tasks there is one issue that members need to be aware of and consider prior to completion of the purchase.

6 REASONS FOR RECOMMENDATIONS

- 6.1 Ability to meet our housing statutory duties in a more financially efficient way.
- 6.2 Commercial Investment to secure a revenue return for the Council.
- 6.3 The existing tenants will not be affected in any way (it is intended that their occupancy will continue in accordance with their tenancy agreement) at such time as of their choice they decide to vacate. Any relet will be looked at from a housing duties and commercial investment perspective.

7 CONSULTATION

- 7.1 Internal consultations have taken place including with the Housing, Estates facilities and Planning teams as well as financial modelling data provided by the Finance team.
- 7.2 Informal consultation with lead members and cabinet decision minute CAB 18/24 refers.
- 7.3 Subject to the purchase, the subsequent planning application will be subject to normal planning regulations as per any planning application process, including statutory consultation.

8 IMPLICATIONS

8.1 Legal Implications

- 8.2 The legal implications are set out in Exempt Schedule 1 and include an analysis of the Council's subsidy control obligations.

8.3 Financial Implications

- 8.4 As per previous Cabinet Report of 30th September 2024 and set out in Exempt Schedule 2

8.5 Equality Implications

- 8.6 None identified

9 SCHEDULES

Schedule 1 – **EXEMPT** - Subsidy Control Assessment and Due Diligence Recommendations.

Schedule 2 – **EXEMPT** – Revised Financial Analysis