COUNCIL

23 January 2019

Present: Councillor R Martins (Chairman)
Councillor A Khan (Vice-Chair)
Councillors P Taylor, A Barton, S Bashir, N Bell, S Bolton, S Cavinder, K Collett, K Crout, J Dhindsa, A Dychton, I Hamid, M Hofman, J Johnson, S Johnson, P Kloss, R Laird, M Parker, G Saffery, D Scudder, N Shah, I Sharpe, R Smith, N Steele, I Stotesbury, M Turmaine, D Walford, M Watkin and T Williams

Also present: Chris Hornung, Lambert Smith Hampton Investment Management
Robert Stokely, Lambert Smith Hampton Investment Management
Ian Tasker, Grant Thornton
David Longbottom, Grant Thornton
Paul McDermott, Trowers and Hamlin LLP
Patrick Morris, Trowers and Hamlin LLP

Officers: Managing Director
Head of Democracy and Governance
Deputy Managing Director and Director of Place Shaping and Corporate Performance
Shared Director of Finance
Regeneration and Property Section Head
Head of Finance
Head of Corporate Strategy and Communications
Democratic Services Manager
Mayor's Political Assistant
Committee and Scrutiny Officer

48 **Apologies for Absence**

Apologies for absence were received from Councillors Connal, Fahmy, Grimston, Hastrick, Jeffree, Mauthoor and Mills.

49 **Disclosure of Interests**

There were no disclosures of interest.

50 **Acquisition of Leasehold Interest in Croxley Business Part - Part A**

The Chairman set out the way he proposed to manage the meeting due to Council having public and exempt reports to discuss.

In order to provide councillors with an opportunity to ask questions in the open and exempt parts of the meeting and be able to participate in the debate, he would be asking Council if members were agreeable to suspending Standing Order 15.6, as this allowed councillors to speak only once.

The Chairman moved that Standing Order 15.6 be suspended.

On being put to Council the motion was CARRIED.

Council received a report of the Managing Director which set out details of an opportunity for the council to acquire a 40-year head lease in Croxley Business Park with an option to obtain the freehold of the Park at the end of the term.

The Mayor was invited to move the report. The Mayor thanked the Labour councillors for attending Cabinet and also for the discussions they had held with officers, being mindful of the commercial confidentiality of the subject. He was grateful to the officers for their work through the long negotiations that had taken place. He noted that Columbia Threadneedle Investments (CTi) had approached the council due to its good reputation in managing property. In addition he thanked those who had been involved in the due diligence process, some of whom were present at the meeting.

The Mayor considered the proposal was a good deal for the local taxpayers. CTi would be giving the council £88 million at the start of the agreement to offset some of the risks. The council would be paying rent of £9.2 million per annum, which would be index linked to RPI with certain restrictions. Modelling had been carried out to show annual income to the council over the whole 40 year term. He reminded councillors that local government had had its funding cut by 70% by central government. Many councils had cut services. Watford Borough Council had been very prudent and felt it necessary to look at other ways to generate income. The council already owned the neighbouring Watford Business Park. This proposal would enable the council to manage both sites. He concluded by stating that this was a good deal for local taxpayers, for the local economy and it protected the council's services.

The Managing Director advised that this was a major decision for council. It would have a major impact on the council's finances for the next 40 years, if agreed by Council. It was important that members understood the opportunities provided by the proposal but also the risks, enabling them to weigh up those

risks in proportion to the potential benefits. He stated that officers had commissioned in depth professional advice and ensured that no stone was left unturned about the financial issues, prospects and risks of the proposal. It was important to ensure that as a legal transaction it was safe, secure and robust. Officers had therefore commissioned Lambert Smith Hampton as the property advisors, Grant Thornton as the financial advisors and Trowers and Hamlin LLP as the legal advisors. He asked each of the advisors to summarise the role they had played in the process and their key findings.

Chris Hornung of Lambert Smith Hampton Investment Management (LSHIM), informed Council that the company was the retained property advisors in respect of the council's existing investment portfolio. They had advised officers from the outset and had accompanied officers to the first meeting in July 2018. This had been the start of the due diligence process. A two-stage approach to the project had been adopted and reports had been provided at the end of each stage in October and December.

Mr Hornung explained that the first stage had provided an overview of the opportunity based on the information from CTi at that time. It was an initial sense check prior to the council spending greater time and costs in carrying out further due diligence. The decision was made to progress to stage two. For the second stage additional third party specialists were engaged to review various different aspects of the property and proposed transaction. LSHIM provided commentary on the following areas –

- Assessment of key property risks
- Tenant covenant analysis
- Occupational market review
- Future trends and forecasts for UK business parks
- Income strip transactions

Mr Hornung informed Council that third party specialists had included –

- JBS Environmental had provided a review and report on the stage one environmental assessment prepared by Ramboll on instructions from CTi
- Montagu Evans provided a review and report on estate service charge
- Lambert Smith Hampton provided a detailed review and challenge on the report on building surveys and planned preventative maintenance costings and programme prepared by Workman LLP on instructions from CTi
- Chapman Petrie provided an independent review of the asset as an investment

- CBRE provided commentary on the occupational market, although it was recognised that they were conflicted to the extent they were currently engaged by CTi
- Synaptica provided a review of the current EPC ratings for individual properties and highlighted any areas of concern
- Real Estate forecasting provided an independent forecast and estimate of rental growth for the next five and subsequent 35 years respectively.

Mr Hornung stated that LSHIM had carefully reviewed all of the third party reports and had summarised them in the stage two report.

Mr Hornung highlighted some of the key points from the report's Executive Summary. Croxley Business Park was one of the pre-eminent business parks in the South East and was becoming known as a medical campus. The site adjoins Watford Business Park the freehold of which was held by Watford Borough Council. The building and estate on Croxley Business Park had been well maintained and the office designs had stood the test of time, with the exception of the first two buildings to have been built there. These had been demolished and were in the process of being replaced by two new buildings. The rental income was the highest it had ever been and was a popular location. CTi had been willing to invest in the site since its acquisition in 2013. There were investment benefits from all the leases being excluded from the security of tenure and compensation provisions of the Landlord and Tenant Act 1954. This would put the council as the landlord in a strong position regarding lease renewals in the future.

The proposal was structured as an 'income strip' deal whereby CTi remained the freeholder and the council would pay an RPI linked head rent. There were a number of key variables which included the rate of future rental growth, unrecoverable planned and preventative maintenance / lifecycle capital expenditure, length of voids and the level of unrecoverable service charge. The vacancy rate, which was currently 11.69%, would regularly fluctuate due to the number of tenants. When the 40-year head lease expired the council would have the option to acquire the property for £10. Overall LSHIM was satisfied that the property fundamentals were strong subject to the detailed findings in the report.

The Managing Director acknowledged that the depth and thoroughness of the work by LSHIM was very substantial. The council had been given a detailed assurance about every occupier, the state of the buildings and the assumptions about the commercial risks was really in depth. He said that without this

information the council could not have negotiated the package that was in front of Council.

Ian Tasker from Grant Thornton was invited to speak about his company's role. Mr Tasker informed Council that he was Head of the Real Estate and Assets Team at the company and had been involved in the due diligence process on this proposal. The company developed a bespoke financial model to appraise the Croxley Business Park transaction and reflected the changes through the negotiations with CTi. They had appraised the final base case and ran sensitivity testing to reflect potential operational risks. Consideration had been given to specific VAT and accounting issues. They had used input from the council and their advisors, LSHIM. They had reviewed the proposed transaction in line with the council's investment criteria. The report included whether the proposal met the various criteria and sensitivity tests. The sensitivity test included looking at the underlying RPI assumption, potential changes to void periods and changes to the interest rate the council could receive from the top up payment of £88 million.

The Managing Director thanked Ian Tasker and said that the statement actually underplayed how much financial modelling had been done by Grant Thornton. They had carried out this complex work with incredible speed. The information had given the council a clear view of the transaction risks financially. The council was grateful for the amount of modelling the company had done.

Paul McDermott from Trowers and Hamlin LLP informed Council that their work had been divided into two areas. Patrick Morris led on commercial properties and the legal documents. His background was as a specialist in commercial property not just acting for local authorities and the public sector, but also investment funds. It had not included CTi. It was necessary to ensure the general legal documents reflected a fair deal for the council. Mr McDermott's background was more in the public sector. Trowers and Hamlin LLP had a reputation in both commercial property and acting on behalf of local government. They had experience of working with local authorities to support economic development and generating income. They had applied both their public sector and commercial sector background to advise clients. Their role had been to work with the Head of Democracy and Governance and officers to ensure the decision was lawful and to make sure it did not breach state aid rules or procurement rules. They had worked closely with the Head of Democracy and Governance on the legal implications. As negotiations continued on the contract they continually checked to make sure that nothing would cause a problem under public law issues.

Patrick Morris explained about the areas of his responsibility. The two work streams had been the due diligence and the legal documents. In respect of the

due diligence, CTi's lawyers had provided the Certificate of Title which set out a detailed summary of all the property matters, for example terms of lease. Trowers and Hamlin LLP's role was to check it and question CTi's lawyers. They had checked the tenancy schedule used by LSHIM and Grant Thornton to ensure it was correct. They had also looked at title matters, for example if there were any rights or restrictive covenants, which might affect the use of the site for redevelopment in the future. The usual property searches were carried out, the same as an individual would do when buying a property. The second part of his work had been to look at the documents, including the agreement for lease and the long term 40-year lease with the final option to purchase the freehold for £10. They had colleagues looking at the construction documents for building works. Mr McDermott was looking at the Asset Management Agreement.

The Managing Director said that this information had given the council the assurance of the legal position and the reliance that could be placed on the title issues. Officers were pleased with the speed with which the legal team had responded as the transaction moved forward. The exempt papers included an excellent summary of the lease agreement and he referred members to it.

The Managing Director then gave a presentation summing up the transaction and deal, including the risks and benefits. He said that there had been a lot of consideration of the financial benefits of the proposal but there was also a strong economic case for the acquisition of the business park. Watford had a key growth role with London and its catchment, benefiting from the level of investment in the area. With nearby Leavesden and Elstree studios the town was a strong economic hub for the whole of Hertfordshire and the South West region. The Annual Monitoring Report, presented to Cabinet earlier in the week, had forecast a growth pattern of 22,000 jobs would be required by 2031. Watford had the highest demand in the county for office space. However, the contrast was that there was limited new development of office space across the borough. Through permitted development rights there had been a loss of 85,000 m^2 employment space over the last 12 years. There was a huge demand for industrial space. The quality stock available was very low.

This transaction would enable the council to build on the vision that both Watford Borough Council and Three Rivers District Council had set out in their Core Strategies. The acquisition enabled the council to safeguard the park for employment purposes for the long term. Secondly it would be possible to connect it to Watford Business Park, and the council would be able to manage both parks together. Overall there was a strong regeneration case for the acquisition. There would be scope for growing employment on Watford Business Park. The plan showed the amount of undeveloped land on the park, which in the long term could give the council the opportunity to increase density.

The Managing Director then summarised the transaction. He said the proposal was to acquire a 40-year head lease in Croxley Business Park from CTi. It was a high quality site. It was an 'income strip' deal. This meant that the purchase of the park was forward funded over 40 years and the council would then acquire it at the end for a nominal fee of £10. The council would receive the full rent from the businesses, but would be obliged to pay £9.2 million per annum to CTi, inflated by RPI, with a collar of minimum 2% and maximum of 4% increases per year. Other key aspects were that the council would keep the profit rent from the transaction it also took the rental risk and all the planned and preventative maintenance. In order to help mitigate the risk CTi would give the council £88 million to cover the rent free period deals they had already agreed and the planned and preventative maintenance. The payment would be made to the council on agreement of the lease and there were no conditions stating how that payment should be used. It was suggested that the funds were invested exclusively for the purposes set out in the financial model. CTi would be completing a new office building of 85,000 square feet, which was due to start this spring. This was an area where further due diligence still had to be done. CTi would be paying the stamp duty on the transaction, which was approximately £5 million. In Grant Thornton's financial modelling the council was recommending that it would take out £1.5 million per annum of net profit to support the council's base budget over the first 10 years, then £1 million inflated until year 35. This would still leave the financial model to be sustainable.

The Managing Director stated that there were clear risks to the council in the long term. These included

- inflation was higher than had been modelled
- economic downturn
- if rent growth was lower
- if the level of voids were higher than anticipated
- any Brexit impact which reduced business confidence
- not getting interest at the level assumed on the £88 million
- if in the future the demand for office and industrial space changes

Finally in the last 10 years of the agreement, the council would be required to put in money to maintain the buildings and the property. All this information was set out in the appendices. It was officers' views that the risks could be mitigated. These include in respect of how the £88 million was used. The prudent view was to invest it accessibly and obtain an acceptable level of interest rate. The council's risk appetite could be reviewed to consider looking for a higher level of return should it be needed to offset economic shocks. The second was how the treasury function was managed. A possibility could be to borrow over the last 10 years of the lease to fund the maintenance. The council

could choose to not take out the £1.5/£1 million each year to support the base budget. Finally the council could decide how much to invest in the maintenance over the 40 years, providing it met its legal obligation and maintained the asset to a high quality.

The Managing Director added that the report contained alternative options to balance the budget. These included not following through with the transaction but to review the cost of services and how the capital expenditure could be reduced. An alternative could be to not purchase Croxley Business Park but to borrow funds and purchase a freehold of another site. The challenge with this scenario was that the council would have to meet the cost of borrowing as well as minimum revenue provision. Following LSHIM's advice the council had approached CTi about purchasing the freehold of the site, but they were not prepared to sell it.

The Managing Director stated that the current transaction although tying the council to significant head lease payments, did not require the council to make any upfront payment. It was council's duty to ensure it had weighed up the risks and the rewards of the transaction as set out by the advisors. State Aid issues had also been addressed. In order to be compliant the council had to act as a private sector operator, not giving disproportionate benefit to CTi. There would be an arm's length management of the park. He added that officers had met with the council's external auditor, Ernst and Young; briefing them on the transaction. They had advised on the risks that other local authorities had faced when carrying out a similar transaction. These had often been where there were problems on governance. In the Council's case, Property Investment Board would take oversight of this asset. Advice had also been taken from treasury advisors on how to invest the £88 million prudently.

The Managing Director finished by stating that assumptions that had been made were prudent and cautious. This meant that officers were confident in recommending the transaction to Council. It was acknowledged there were risks, but there could also be some 'upside' where the situation was better than the modelling.

The Chairman invited councillors to put their questions to officers and the advisors.

Councillor Bell said that his main concern was that Watford was one of the smallest district councils in the country. Brexit could have an impact. He referred to the comments made by the Managing Director. He asked whether it was possible to have a break clause after five years added to the agreement. He was also concerned about the oversight.

The Managing Director said he would answer on behalf of the council. This type of asset would need to be proactively managed. If there were voids it may be necessary to consider additional incentives. The key benefit of this park was its quality. There was very little Grade A office stock of this nature within the M25. The South East region had been very resilient to economic downturns through the recessions. There were strategies that could be flexed to respond to those shocks. In terms of proactive management there would be an annual report to the council through Budget Panel and Property Investment Board would monitor the performance of the asset. This would ensure that the asset was monitored year on year.

In response to the question about reviewing the transaction in five years' time as part of the agreement, the answer was no. The council was bound for 40 years and it could not be terminated by the council. In the agreement there was the ability to flex how the asset was used over the last 10 years, for example increasing density, building more office space or changing the use. The council would be able to internally review in depth how the asset was performing, with the potential of a major review every five years for example.

Paul McDermott added that the reason a break clause would not be given was the transaction was attractive to CTi as it was with a local authority. CTi would be making a payment to the council at the beginning and therefore viewed it as a long term investment.

Chris Hornung said that in the report they covered advice from other independent advisors. The M25 office and business park areas usually recovered following major economic impacts, for example the 2008 recession and 9/11. This site was one of the pre-eminent business parks of the M25. It would need to be hands on, with a business plan that was reviewed annually. It would set out KPIs and objectives for the site. It would need to be maintained at a high standard and a headquarter campus style environment. This site was developed by Standard Life in 1984. It was ahead of its time and had stood the test of time since.

Ian Tasker commented that they advised a number of local authorities. Early break or review clauses were not a feature. Generally these types of sites were owned by annuity funds who wanted long term sustainable cash flow to match their obligations.

Councillor Bashir set out an analogy and was concerned that the council may have taken on too much. He referred to the comments about the break clause. He had seen many commercial agreements. A break clause could be negotiated in commercial agreements. This transaction was a multi-million pound deal that councillors were being asked to consider. He asked the Managing Director how

hard he had pushed for the break clause and why it could not be reviewed in possibly 20 or 25 years. His second question referred to the ability to assign the lease over to a third party, if not then why not. With reference to the risks the Cabinet report showed the risks to be at what appeared to be the highest level. They were graded at '8'. He had a question to Grant Thornton about the financial modelling and whether they had considered the potential of a no-Brexit deal. He then referred to the Metropolitan Line Extension (MLX) and any potential financial impact on risk and the net value of the site, including rent, in 30/40 years. He added that in connection whether this could be pushed with CTi. He asked the Portfolio Holder what amount of rent would be paid by the council to CTi if the RPI was over 4%. With regard to the £88 million, he questioned whether the Portfolio Holder had considered any regeneration schemes and if the £88 million was worth the risk.

The Managing Director suggested he co-ordinated the responses. In response to the question about the break clause, this had been answered earlier. This had not been available, as the purpose of an 'income strip' deal was that it provided a long term annuity for an investor. The council had pushed very hard on the commercial terms, which meant the position had moved from a £50 million top up and £9.5 million rent per annum to £88 million and £9.2 million respectively. It had also pushed on many flexible terms.

Patrick Morris responded to the question about assigning the agreement. He explained that there was very limited right to assign. It could only be assigned to another local authority or government body with CTi's agreement. All 'income strip' deals he had been involved with had either no right to assign or very limited rights.

The Managing Director referred to the councillor's question about the risk scores. The ratings were shown as '8' following mitigation. The highest risk score was '16'.

Ian Tasker commented that Grant Thornton had not modelled a no deal Brexit scenario. The company had looked at some of the key commercial risks and sensitivities which he had summarised earlier, including changes to RPI and voids.

The Managing Director then referred to the comments about MLX. CTi had been a key advocate in the MLX discussions. It had recognised the benefits to the park and was prepared to put forward funding towards the scheme. The Mayor had continued to work with Transport for London on an alternative transport scheme for this route.

The Managing Director advised that responses to some of the other questions would have to be answered in the exempt part of the meeting.

The Portfolio Holder for Property commented that the Property Investment Board would be very cautious with the £88 million and be prudent. It was necessary to ensure that Croxley Business Park remained a premier business park. Also improving Watford Business Park.

The Portfolio Holder for Finance suggested that the financial comments were best responded to by the Director of Finance, probably in the second part of the meeting. However as part of the investment strategy it was necessary to have due diligence when making decisions.

Councillor Stotesbury said that his first question related to voids, particularly historic voids data and what modelling had been used for the new building that was being built over the next two years. He also asked about brand management and whether Watford Borough Council would lead on it or would it be CTi or a joint venture.

The Managing Director advised that this would need to be discussed in the second part of the meeting due to commercial sensitivities. With regard to the brand management, it would be necessary to have a proactive management of the site in order to maintain its pre-eminence. It had recently been rebranded by CTi as Croxley Park.

In response to a further question from Councillor Stotesbury, the Managing Director advised that this was an area of work that still needed to be completed, which included the boundary for the asset manager and the relationship with LSHIM. However, before the transaction was completed it would be clear who would take the lead. In the council's interest it would be best if the council took a proactive lead through its advisors, as the council had a long term interest.

Chris Hornung added that it was paramount the asset managers would be reporting upwards. They were running the Business Plan on which all the KPIs were based. The asset manager carried out the day to day running. The council would want the park to continue to be income producing and hitting at least the levels, but preferably beating the modelling. CTi would have an interest.

Councillor Dhindsa questioned whether Three Rivers District Council had shown an interest in the site or had it been available on the open market and finally if CTi had approached Watford Borough Council. He believed the whole site was within Three Rivers and they would be making any planning decisions.

The Managing Director informed members that CTi had approached the council direct. They were aware of the council's property investment record. It had the Property Investment Board and had made prudent acquisitions. The council had a good reputation and moved quickly on any deals. CTi had worked with the council on Watford Business Park and the MLX. He did not know if they had approached Three Rivers District Council or if the council would have been interested.

Chris Hornung commented that the site had been placed on the open market six or nine months ago. It was then withdrawn and they approached the Managing Director.

Mayor Taylor confirmed that 15% of the park was within this council's boundary.

Councillor Bashir asked for further clarification on the matter of the site being placed on the market. He questioned whether it was on the open market or available to public authorities. Also if it was possible to know the level of interest that had been shown in the site and if there had been any offers. He stressed it was important that the council considered whether the transaction was prudent.

Chris Hornung responded that as far as he was aware it was not put on the open market or advertised to local authorities. At that stage they were not looking for an income strip but an outright disposal. He imagined they did not receive offers around the amount they wanted so withdrew it and carried on with their asset management plan. They then approached the Managing Director with a different vehicle for discussion.

The Chairman noted that there were no further questions for this part of the meeting.

The Chairman moved that the press and public be excluded from the next part of the meeting to enable members to discuss some of the commercially sensitive information.

51 **Exclusion of press and public**

RESOLVED –

that under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it is 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 consideration of

the item there would be disclosure to them of exempt information as defined in Section 100(1) Schedule 12A for the reasons stated in the reports.

52 **Acquisition of Leasehold Interest in Croxley Business Park - Part B**

Members posed further questions in this part of the meeting, which were responded to by the Managing Director and advisors. Following the questions the members debated the report.

Council moved back into Part A

The Chairman invited Mayor Taylor to sum up.

Mayor Taylor felt the report had been given a good scrutiny and he thanked the advisors for attending. He felt it was a cautious report. On a recent visit to the park he had noticed the quality of the site. Reference had been made about Brexit, if there were a downturn in the economy it was possible that businesses would move out of London and look to other sites, particularly this area. The MLX had also been mentioned. He assured councillors that work on this route had not stopped. Discussions had been held with Transport for London and viable transport options were due to be reported in June. This deal was for 40 years and although Brexit had been mentioned no one knew what would happen in the next 20, 30 or 40 years.

The Mayor stated that he had briefed the Leader at Three Rivers and the Managing Director had done the same with the Chief Executive. Both councils would benefit from a thriving and successful business park. He was pleased with the response from the Labour Group. Councillor Bashir was correct that the council had pushed very hard on the deal. The key thing would be the governance. The Property Investment Board was already in place which met regularly. Reports would be brought back to the council for scrutiny.

There was a risk if the council did nothing. It was important to look at the transaction and balance the risks. The benefit of this proposal was that it would be over 40 years and at the end the council would pay £10 to inherit an asset that was currently valued at £240 million.

The Mayor moved the recommendations set out in the officer's report.

On being put to Council the recommendations were CARRIED unanimously.

RESOLVED –

1. that the Council enters into a 40 year lease on the Park with CTi including the option of acquiring the freehold of the Park at the end of the lease term for £10 on the terms set out in this report, and in particular as specified within the various legal agreements (Part B) including:

   1.1 – the summary of the Agreement for Lease
   1.2 – the summary of the Head Lease Agreement
   1.3 – the summary of the Asset Management Agreement

2. that the starting assumption shall be to withdraw £1.5m pa to support the Council's budget in Years 1-10, reducing to £1m inflated thereafter until year 35, noting that the financial model would enable the Council to withdraw up to £2m pa over the first ten years if required.

3. that the Managing Director be given delegated authority in consultation with the Mayor to give final approval to the terms of the transaction.

4. that the appointment of Threadneedle Portfolio Services Limited (TPSL) as Asset Managers and Workman LLP as Facility Managers as set out in the Park Management Agreements subject to 1.3 above to provide asset management continuity for a maximum period of 5 years during which period a full procurement process would then take place be approved.

5. that the appointment of Grant Thornton as the Council's financial advisers be approved.

6. that a budget of £300,000 for the procurement of professional advice relating to this transaction be approved.

7. that the existing advisory board to the Mayor, the Property Investment Board chaired by the Portfolio Holder for Housing & Property, provides oversight of the governance, business plan and performance of the Park, with an annual report to Cabinet and Budget Panel and also has oversight over the use of the £88m top up fund and that the terms of reference of the Property Investment Board be amended accordingly.

8. noting that the reserve fund is earmarked specifically to mitigate risk within the proposal, that the Director of Finance be authorised to make appropriate investment of the top up fund of £88m in accordance with the financial model, providing the right balance between security, liquidity and yield, based on advice from the Council's investment manager and amend the Treasury Management Policy accordingly.

9. that the Council's Capital Strategy be amended for the impact of this transaction on the operational boundary and authorised limit. That the:

   - Council's operational boundary be £194M
   - Council's authorised limit be £209M.

10. that Council notes the risks and mitigation strategies that will be put in place.

Chair

The Meeting started at 7.30 pm
and finished at 9.35 pm