

**MINUTES OF THE MEETING OF THE INVEST TO EARN COMMITTEE
HELD AT KILWORTHY PARK, TAVISTOCK ON 1 OCTOBER 2019**

MEMBERS

Cllr C Edmonds - Chairman

Cllr R Cheadle

Cllr L Samuel

Officers in attendance:

Chief Executive, S151 Officer Strategic Finance Lead; Strategic Director Place & Enterprise, Monitoring Officer, HOP Lead Finance, Specialists Assets (SR and RE) and Specialist Democratic Services

IE.4/19 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting but none was made.

IE.5/19 MINUTES

The minutes of the meeting held on 3 September 2019 were approved as a correct record.

IE.6/19 EXCLUSION OF PUBLIC AND PRESS

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

IE.7/19 BUSINESS CASE FOR A COMMERCIAL PROPERTY INVESTMENT

Members were presented with an exempt report that sought approval of an offer to purchase a commercial property as set out in the presented exempt appendices.

The Director of Place and Enterprise responded to questions of clarity as he outlined the detail of the business case. Matters discussed included:

- The business interests of the current tenants, their credit ratings and the terms of the existing leases
- The difference between and therefore the impact of a break clause in a lease and expiry of a lease. A break clause often offered the opportunity for a discussion to assess future plans
- Comparators for the yield and the purchase price

- The requirement to maintain the roof at the tenant's expense

Members asked a number of detailed financial questions that the s151 officer responded to, including:

- The PWLB rates currently being low, and how Brexit and other factors could impact those rates
- The need to include R&M costs within the business case

Finally, the Chairman advised that he had considered the proposed recommendation but that it did not align with the Commercial Investment Strategy whereby acquisitions were considered by the Invest to Earn Committee and recommendations made to the Chief Executive and s151 Officer to progress the purchase subject to due diligence. He proposed an amended recommendation that sought 'recommendation' rather than approval, which was unanimously accepted.

It was then:

RESOLVED

That the Invest to Earn Committee **RECOMMENDS** that an offer be made to purchase the property as set out in exempt Appendix C, subject to the appropriate due diligence and the Terms of Reference of the Invest to Earn Committee.

If any of the figures materially change on the completion of the full financial, legal and technical due diligence, then a further report was to be brought back to the Invest to Earn Committee prior to final sign-off of the investment.

IE.8/19

BUSINESS CASE FOR INVESTMENT IN A SOLAR FARM

Members were presented with an exempt report that sought approval of investment in a solar farm to be 50% owned by West Devon, the commercial return for which would be from energy generated and sold to the national grid.

The Director of Place and Enterprise outlined the business case in more detail and he and the s151 officer responded to questions of clarity.

Points raised included the following:

- Corporation tax liability would apply from year 8
- The accuracy of the modelling was explained, along with comparison rates used by other relevant organisations
- The requirement for Council to amend the Investment Strategy, but currently timing would allow that to happen at the scheduled December meeting
- Current uncertainties around Brexit could either positively or negatively impact rates, but long term rates were expected to remain steady

- The Committee had offered to meet with South Hams District Council (SHDC) who were the partner in this investment, for a joint discussion. Members at SHDC had not felt that such an additional meeting was necessary as the investment had been the subject of joint discussions between both Leaders and Deputy Leaders
- Details of the planning permission requirements were outlined and it was confirmed that the purchase would not progress until planning permission was in place
- Questions were asked about the shares, shareholders, capital and management charges and it was confirmed that KPMG were expected to advise on how the purchase vehicle should be constituted.

At the conclusion of this discussion, and in recognition of the importance of understanding the roles of company and Council, the Monitoring Officer was asked to provide advice to the Invest to Earn Committee on how the relationship between the purchase company and the Council could work, to ensure the arrangements were satisfactory.

Again, the Chairman advised that he had considered the proposed recommendation but that it did not align with the Commercial Investment Strategy whereby acquisitions were considered by the Invest to Earn Committee and recommendations made to the Chief Executive and s151 Officer to progress the purchase subject to due diligence. He proposed an amended recommendation that sought 'recommendation' rather than approval, which was unanimously accepted.

It was then:

RESOLVED

That the Invest to Earn Committee **RECOMMENDS** approval of the investment to purchase 50% of shares in a solar farm SPV and subsequent development of 14MW capacity solar farm in accordance with the business case contained in the exempt appendices and the Terms of Reference of the Invest to Earn Committee.

If any of the figures materially change on the completion of the full financial, legal and technical due diligence, then a further report was to be brought back to the Invest to Earn Committee prior to final sign-off of the investment.

(Meeting commenced at 3,30pm and concluded at 4.30pm).

Chairman