

Record of operational decision

Decision title:	Strategic Acquisition of property known as Maylord Shopping Centre in Herefordshire						
Date of decision:	23 June 2020						
Decision maker:	Director for Economy & Place						
Authority for delegated decision:	<p>The cabinet member for contracts and assets agreed on 18 May 2020, subject to certain conditions being met, to the purchase of the freehold and leasehold surrender of the property site known as Maylord Shopping Centre in Hereford, approved a maximum budget of £4.5m for the purchase, and authorised the Director of Economy and Place to take all operational decisions necessary to acquire the site.</p> <p>http://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?Ild=50033913</p>						
Ward:	Central Ward						
Consultation:	<p>The cabinet member, commissioning, procurements and assets was consulted on 3 June 2020 and confirmed her support for completion of the purchase of the site.</p> <p>The chief finance officer and solicitor to the council have been consulted and have confirmed that the conditions have been met and the purchase can be completed.</p>						
Decision made:	<p>On the basis that the Section 151 Officer has confirmed the he is satisfied that the appropriate Heads of Terms have been agreed, due diligence has been completed and the purchase provides value for money.</p> <p>The site known as Maylord Shopping Centre in Hereford, is purchased for a sum of £4.25m including stamp duty (four million, two hundred fifty thousand pounds)</p> <p>The anticipated costs associated with the purchase are:</p> <table border="1" data-bbox="453 1464 1433 1630"> <tr> <td>Purchase (including Stamp Duty Land Tax and anticipated acquisition costs)</td><td>4,250,000</td></tr> <tr> <td>Associated Legal Fees & Purchase Costs</td><td>250,000</td></tr> <tr> <td>Total Costs</td><td>4,500,000</td></tr> </table>	Purchase (including Stamp Duty Land Tax and anticipated acquisition costs)	4,250,000	Associated Legal Fees & Purchase Costs	250,000	Total Costs	4,500,000
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Reasons for decision:	<p>The decision taken was to approve the strategic purchase of a site in the central ward within the defined budget has been approved on the basis that Heads of Terms have been agreed, due diligence has been completed and the purchase provides value for money.</p> <p>The proposed purchase will be a strategic acquisition which would support the council's policies in respect of economic growth and enable the council to plan for any future demand or development opportunity that may arise in line with the cabinet's county plan objectives</p>						
Highlight any associated risks/finance/legal/	The council has undertaken the required due diligence and commissioned the following reports to inform its decision to complete the purchase of Maylords Shopping Centre, Hereford:						

equality considerations:	<p>Asset Valuation Report prepared by Montagu Evans dated March 2020 Property Management Due Diligence Report prepared by Montagu Evans dated May 2020</p> <p>These reports and the due diligence undertaken confirm that there are no unacceptable liabilities or obligations, which would impact the current use of the property. However, there a number risks associated with the purchase of Maylord Shopping Centre which include:</p> <p>The shopping centre is currently not trading due to government guidelines around COVID-19 so there is a risk that the businesses will be unable to pay business rates and rent so the council may face having to find additional revenue to support managing the centre effectively.</p> <p>The due diligence report highlighted the current rental payments position of the tenants and identified a shortfall with a number of tenants which has been impacted further by the financial impact COVID-19 and may impact on future rental collection incomes.</p> <p>The future of how consumers will shop in Herefordshire post COVID-19 is unknown currently so the full impact of the shopping centre once it re-opens is unknown at the time of the purchase</p>
Details of any alternative options considered and rejected:	<p>Not to proceed with the acquisition. This is not the recommended option, because if the council does not acquire the site it is highly likely that it will be acquired by a private developer with little interest in developing the site for the long term economic objectives of the council and other stakeholders.</p>
Details of any declarations of interest made:	<p>None</p>

Signed

Date: 23 June 2020

Richard Ball
Director for Economy & Place