

<b>DECISION NO:</b>	<i>For Member Services use only</i>
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Concurrence No:	066394
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<b>Action under delegated authority of Chief Executive</b>	
<b>Action under delegated authority of Director of Finance and Cabinet Member for Finance</b>	
<b>Action taken by Chief Executive in consultation with Cabinet Member(s)</b>	<b>X</b>

Subject: Approval of loan for Badger BC Investments Ltd

Signature and designation of officer(s) taking action:

29/05/2020	29.05.2020
Chief Executive	Date
	Date
	Date

<b>Name of Cabinet Member(s) Consulted:</b>	I have been consulted and concur with the proposals set out below:
Councillor L Cocking	29.05.2020
Leader of the Council	
Councillor P Mason	29.05.2020
Cabinet Member for Finance and Business Services	Signature: _____ Date: _____

Name of any member who has declared a conflict of interest in relation to this decision: \_\_\_\_\_

**THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE**

**The report overleaf sets out the decision to be taken, the reasons for the decision, and the details of alternative options, if any, considered and rejected.**

**Officer decisions are available for public inspection, both at the Borough Offices and on the Council's website. Officer decisions are kept for a period of six years at the Borough Offices and for six months on the website after the decision is made. Background papers are available for four years.**

**RECOMMENDED that: a loan of up to £1,460,000 be made to Badger BC Investments Ltd be approved.**

## **Purpose**

To approve a loan to Badger BC Investments Ltd to enable it to acquire the former carwash and car showrooms at 78 Great Cambridge Road Cheshunt and a parcel of land adjoining the property as shown by the red outline on the attached plan.

## **Project**

Badger BC Investments Ltd is acquiring the property with vacant possession. However, a new tenant is being sought and the new tenant's lease will be for three years at a rental of circa £100,000 per annum with a three month rent free period at the start of the lease. It is to be on a full repairing and insuring basis and subject to a schedule of conditions. The lease is to be contracted out of the protection of the Landlord and Tenant Act 1954 so that if possession is required at the end of the lease this is easily achievable. The use is to be as a car wash and car sales facility.

The investment is being acquired for £1,400,000 plus costs which at present are estimated at £60,000 so a loan facility of up to £1,460,000 is required.

## **Financial, Legal and Risk Management Implications**

A mortgage will be placed on the property by the Council to protect its investment and the Council will be charging interest to Badger at a 4% interest rate, £58,400 per annum. Initially Badger will have a three month period with no income from the site as the new lease will incorporate a rent free period and thereafter it will receive income of circa £100,000 per annum. However, there is a risk that this initial letting is delayed for a greater period than three months.

Based on the above Badger would be receiving a profit of £41,600 (£100,000 - £58,400) per annum, management of the site will be provided by the Council's in-house property team and recharged on a time related basis. This represents a 7.1% yield to Badger.

## **Alternative Options Considered and Rejected**

The Council could choose to not lend the money to Badger and Badger could therefore borrow on the open market. However, this would not generate an income to the Council of £58,400.

## **Contribution to the Council's Objectives**

Ambition Broxbourne: an effective, enabling Council:

14.2 Manage the Council's assets efficiently to maximise returns and contribute to Council priorities.

14.4 Expand the property portfolio of Badger BC Investments Ltd.

## **Conclusion**

It is in the Council's interests to make a loan to Badger BC Investments to enable it to acquire 78 Great Cambridge Road EN8 8PA and the land adjoining.

Contact Officer: Kevin Clark

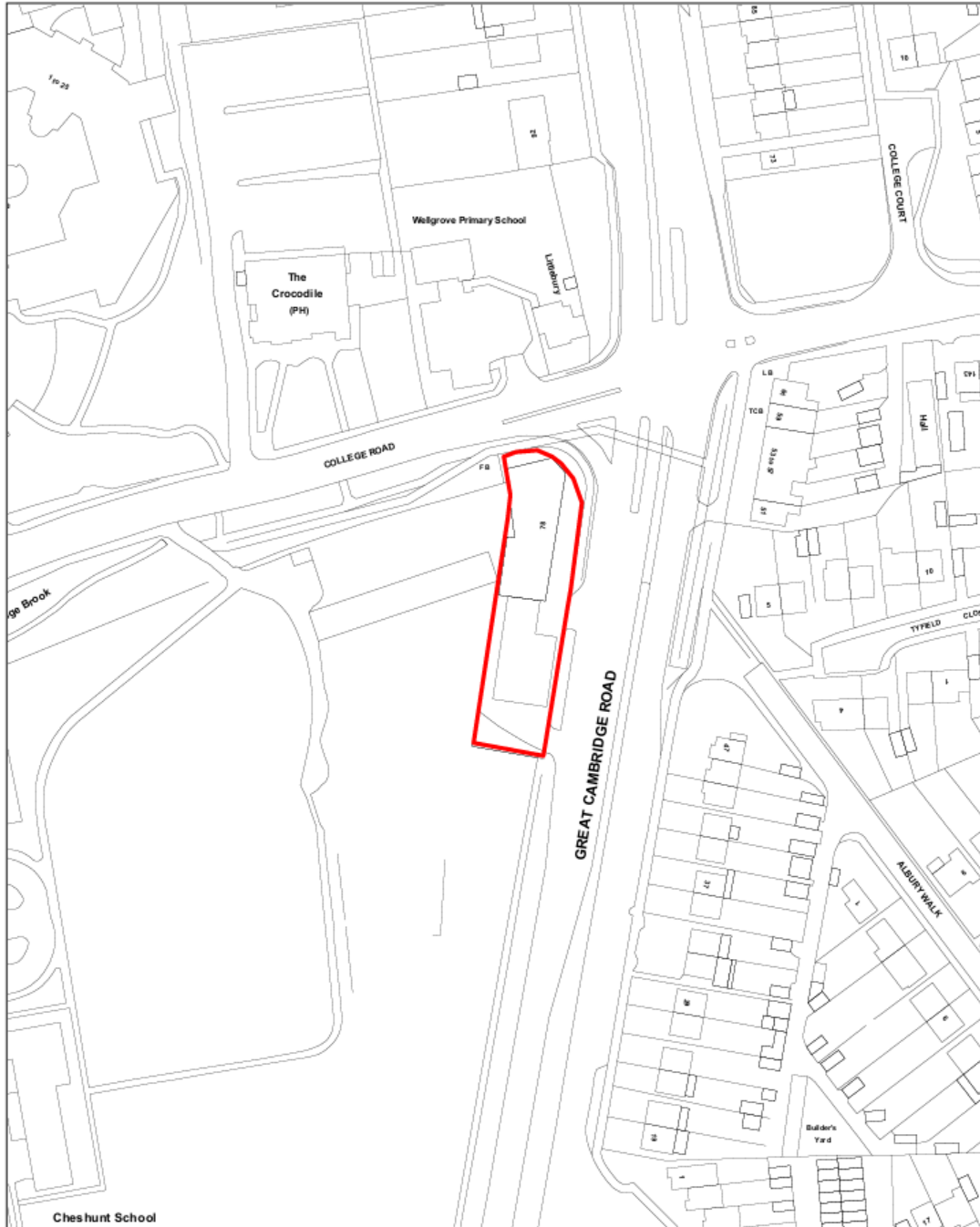
Ext:5541



Date 13 May  
2020

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Action reported to the Cabinet on:

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 <p><b>BOROUGH OF BROXBOURNE</b> www.broxbourne.gov.uk</p>	<p>Title      A10 Carwash Plan 1</p>	
	<p>Location    Greet Cambridge Road, Cheshunt</p>	
	<p>Copyright Borough of Broxbourne LA10023526      Dm TR May 2020 Scale 1:1250@ A4</p>	