

## **MINUTES**

### **CABINET**

**21 APRIL 2015**

**Present:**

**Members:**

**Councillors:**

Julie Laws	Portfolio Holder for Environmental Services and Sustainability
Nick Tiley	Portfolio Holder for Finance and Resources
Andrew Williams (Chairman)	Leader of the Council/Portfolio Holder for Planning and Regeneration

**Officers:**

Sally Marshall	Chief Executive
James Deane	Corporate Director Finance and Operations
Mark Gaynor	Corporate Director Housing and Regeneration
Steven Baker	Assistant Director Chief Executive's Unit
Mark Brookes	Group Manager Legal Governance
Pat Duff	Member Support Officer

Councillor G Sutton also attended.

The meeting began at 7.40 pm.

**CA/023/15 MINUTES**

The minutes of the meeting held on 24 March 2015 were agreed by the members present and signed by the Chairman.

**CA/024/15 APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillors Mrs Griffiths and Harden.

**CA/025/15 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**CA/026/15 PUBLIC PARTICIPATION**

There was no public participation.

**CA/027/15 REFERRALS TO CABINET**

There were no referrals to Cabinet.

## **CA/028/15 CABINET FORWARD PLAN**

### **Decision**

That the Cabinet Forward Plan be noted.

## **CA/029/15 UPDATE ON THE FORUM DEVELOPMENT AGREEMENT AND THE ASSOCIATED GENERAL FUND BORROWING REQUIREMENT**

### **Decision**

1. That the revised cost of The Forum be noted (full details are in the Part 2 minute).
2. That the maximum contractual commitment be noted (full details are in the Part 2 minute).
3. That authority be delegated to the Corporate Director (Finance and Operations), in consultation with the Assistant Director (Chief Executive's Unit) and the Leader of the Council to confirm that the Development Agreement for The Forum has become substantially unconditional before completing the required borrowing for the Council's Capital Programme.
4. That the Corporate Director (Finance and Operations) be requested to update the Capital Programme for approval with these revised costs as part of the year end outturn.
5. That option 4 (40 years) is selected as the proposed borrowing strategy for the General Fund as set out in paragraphs 5 – 20 of the background report.

### **Reason for Decision**

To agree a borrowing strategy for the General Fund.

### **Implications**

#### Financial

The Council's approved Capital Programme necessitates General Fund borrowing within 2015/16. The largest single contributor to this borrowing requirement is the construction cost associated with The Forum.

It would not be prudent for the Council to enter into borrowing until the costs associated with the Forum have been finalised, and the Council is contractually committed to proceed.

#### Value for Money

The Council must secure the optimal loan portfolio that minimises the annual revenue costs of borrowing, whilst at the same time ensuring that the maturity of the loans does not exceed the expected life of the asset which it is financing.

## **Risk Implications**

The borrowing rates currently available to the Council through the Public Works Loan Board are historically low. Although daily fluctuation in these rates is the norm, they have now held at a steady low for several months.

There is a risk that uncertainty in the capital markets, following the outcome of the General Election on May 7, may result in unfavourable movements in the rates available to the Council. On this basis, the Council should seek to take advantage of the certainty available in the pre-election rates.

## **Corporate Objectives**

To comply with legislation and therefore avoid the risk of non-compliance.

**Dacorum Delivers: Maximising the value of Council Assets and providing Value for Money.** The use of the Civic Centre will avoid decant costs and consolidation of use of the space will reduce running costs. The Forum will be a more cost efficient building to operate than the Civic Centre.

**Regeneration.** The Gade Zone Regeneration project is aimed primarily to deliver significant regeneration in the town centre. It facilitates the creation of a new community focused building housing public sector and voluntary sector partners, a new commercial leisure facility developing more family friendly and evening attractions into the town centre and much needed new homes. Subsequent development of the Civic Centre and college sites will bring further new investment into the town centre, most likely for new housing.

**Affordable Housing.** New housing created when the existing Civic Centre is sold will include affordable housing at 35%.

**Safe and Clean Environment.** The Forum will be built to 'BREEAM excellent' standard and the design of all new town centre development will be guided by the Town Centre Masterplan which sets out high sustainability requirements.

## **Advice**

The Portfolio Holder for Finance and Resources proposed that recommendations 3, 4 and 5 should be considered in part 1 of the agenda as this was regarding how the Council was going to finance the Capital Programme in the Medium Term Financial Strategy. Recommendations 1 and 2 would need to be taken in Part 2 of the meeting because they contained contractual details with other parties.

This was agreed.

The Portfolio Holder for Environment and Sustainability expressed concern that people would be able to deduce the figures to be discussed in Part 2 by looking at Appendix A.

The Corporate Director Finance and Operations said there had been some minor changes. There was some funding not reflected in there.

The Portfolio Holder for Finance and Resources said there were a lot of other things in capital development. This was to finance the capital growth.

The Leader of the Council said when the Development Agreement was signed, this could be disclosed. These figures would eventually appear in the annual accounts.

The Leader of the Council moved that the wording of recommendation 3 be changed to:

*That authority be delegated to the Corporate Director Finance and Operations, in consultation with the Assistant Director Chief Executive's Unit and the Leader of the Council to confirm that the Development Agreement for The Forum has become substantially unconditional before completing the required borrowing for the Council's Capital Programme.*

This was agreed.

### **Options and Why Options Rejected**

Option 1 - a 25 year term.  
Option 2 - a 25 year term.  
Option 3 - a 35 year term.  
Option 5 - a 45 year term.  
Option 6 – a 50 year term.

Options 1, 2, 3, 5 and 6 were rejected for reasons as detailed in the report.

Option 4 - 40 year term. This option was approved as it combines minimising the annual revenue cost of borrowing, whilst at the same time being a realistic time scale for the debt having been fully repaid whilst the asset is still in use.

### **Consultation**

There was no consultation.

### **Voting**

None.

### **CA/030/15 EXCLUSION OF THE PUBLIC**

#### **Decision**

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the items in Part 2 of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during those items, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and third party companies/organisations.

**CA/031/15 UPDATE ON THE FORUM DEVELOPMENT AGREEMENT AND THE ASSOCIATED GENERAL FUND BORROWING REQUIREMENT**

**Decision**

1. That the recommendation as detailed in the report be approved.
2. That the recommendation as detailed in the report be approved.

Full details are in the part 2 minute.

Recommendations 3, 4 and 5 were agreed in Part 1 of the agenda (minute CA/029/15).

**Reason for Decision**

To consider the contractual cost of delivering The Forum.

Full details are in the part 2 minute.

**Implications**

See minute CA/029/15.

**Risk Implications**

See minute CA/029/15.

**Corporate Objectives**

See minute CA/029/15.

**Advice**

Full details are in the Part 2 minute.

**Options and Why Options Rejected**

No alternative options were considered.

**Consultation**

There was no consultation.

**Voting**

None.

The meeting ended at 8.00 pm.