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# Council



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Referrals Report of Recommendations from the Joint Executive (Cabinet) Committee: Investing in our Commercial Asset Portfolio</b>	
<b>Report No:</b>	<b>EXEMPTION REMOVED ADDENDUM TO COU/SE/18/025</b>	
<b>Report to and date:</b>	<b>Council</b>	18 December 2018
<b>Documents attached:</b>	<b>None</b>	

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## 1. Reasons for Addendum

1.1 This addendum report has been produced to provide a summary of the financial considerations contained within the full Council report on this matter and provide some further information on the treatment of capital and revenue sums.

1.2 The numbers have not changed, this is just a re-presentation of those numbers in a format which should be clearer to interpret.

### 1.3 The purchase and financial ask

1.3.1 The following table sets out the total financial ask of Members (Capital and Revenue) as set out in the Recommendations.

Description	Amount	Funded from
Purchase Price (excl VAT)	£365,000	Capital Borrowing (Investing in Growth Fund)
Purchase Costs (SDLT and costs at 1% of Capital Value)	£11,400	Capital Borrowing (Investing in Growth Fund)
<b>Total Capital ask</b>	<b>£376,400</b>	
Holding Costs (for up to 3 years)	£75,000 (£25,000 per annum)	Revenue (Strategic Priorities & MTFS reserve)
Initial feasibility work for re-development	£20,000	Revenue (Strategic Priorities & MTFS reserve)
<b>Total Revenue ask</b>	<b>£95,000</b>	

1.3.3 The sums above excludes any VAT payable, the reason being any VAT will be claimed back so the position will be effectively cost neutral.

1.3.4 The full cost of prudential borrowing for the £376,400 capital ask is £16,300 per annum. These costs will be taken into account in relation to any future decisions made regarding the use of this property. Actual borrowing would only take place when the Council's treasury management activities identify such a need.

1.3.5 The holding costs presume that the property remains vacant for up to three years before re-development. This is effectively the worst case scenario. In reality the Estates team will seek viable "meanwhile" uses for the property which will contribute towards both holding costs and provide revenue for the Council to support delivery of services.

1.3.6 Once the feasibility work is undertaken, options for re-development, refurbishment, or disposal will be presented to Members for a decision on what route to take next. Indicative numbers have been provided in the main Council report on potential re-development costs and capital and revenue returns. These provide a feel for what the commitment and return for the Council could look like, however these will be tested and fleshed-out in the feasibility work and Members will have the opportunity to review and make decisions on the basis of this more detailed work.