

LOWER MEDWAY INTERNAL DRAINAGE BOARD



MINUTES OF A MEETING of the **Finance Committee** held via
Zoom Conference Call
on **Wednesday 17 March 2021 at 10am**

Members of the Committee Present

S Mair
S Batt
D Dewar-Whalley
J Mair

In attendance

H Rogers – UMIDB Chairman
D Goff – UMIDB Vice-Chairman
Cllr M Davis – Member of UM Office Procurement Committee
O Pantrey – Clerk
L Carey – Finance Officer

1. APOLOGIES FOR ABSENCE

The Clerk informed the members that J Lewis had given his apologies. The Clerk said he had spoken with Mr Lewis the evening before and would provide a summary of his thoughts. He also confirmed that J Lewis had given S Batt permission to be his proxy vote should it be required.

2. DISCUSSION RELATING TO AN OFFICE PROCUREMENT OPTION

RECEIVED Details of property at Conqueror Court, Sittingbourne

The Clerk recommended that due to the involvement of the Chairman of the Finance Committee in the arrangement of the office procurement, that he should Chair this meeting.

The Clerk welcomed the representatives of the UMIDB and thanked them for their attendance at such short notice.

All agreed that S Mair should Chair the meeting.

S Mair started by saying that there was nothing available in the area that met the requirements of the Board at this time. He said that he and the Chairman of the Board looked at a site yesterday with the Clerk and Works Supervisor near Sittingbourne that

potentially met the requirements, but it was in fact not suitable due to a number of factors including contamination.

He said there was a second option available to look at in Sittingbourne at Conqueror Court, just off the A249. He said that this was an office building only but was in an excellent location. He added that the property was clean, modern, had 18 parking spaces and was available to purchase as a freehold.

He said that there was urgency required on this site as there was another buyer making an offer. He continued by saying that the guide price was £1,050,000 and that if the Board could come in at or very near to the guideline price they would likely be able to secure the sale. He said that all told, after taxes the final cost would be around £1,100,000.

M Davis then added that the stamp duty would also include VAT.

S Mair thanked him for the comment and said that he was aware of this but did not have an exact figure although it would be around £8,000.

He said that at this stage before a conversation around the office building was had, that he wanted to touch on the depot situation. He said there was a potential solution by way of renting part of a warehouse on Sheppey Way, at the rear of the Axminster Tools. He made a point of saying that he was the site manager and as such would not be in a position to organise this on behalf of the Board as he had a conflict of interest.

He then outlined that the current lease arrangement with GH Dean had a break clause that would need to be triggered by the end of the month, but he felt this should be discussed at a later date. He then offered the floor to the members for questions on depot situation first.

D Dewar-Whalley asked if the Axminster site had the potential to have offices installed also?

S Mair said that it was not an option.

D Dewar-Whalley asked if the office building at Conqueror Court had a service charge?

S Mair said that it did have an annual service charge of £10,261.

D Dewar-Whalley then said that he had looked into the building and that it was roughly 15 years old. He asked whether we needed a survey on the building to assess its structural integrity.

S Mair then said that the building was about that old and that we could make the offer subject to survey.

D Dewar-Whalley asked who policed the parking spaces and whether or not there was a chance that the public might use them?

S Mair confirmed the service company are in charge of policing rogue parking.

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J Mair asked to confirm that there were 9 parking spaces as listed in the Harrisons information.

S Mair explained that this was 9 spaces per floor as it was originally available for lease as individual units, but the freehold had been available for the whole building taking the total to 18 as part of the freehold purchase.

J Mair thanked S Mair and added that the location was excellent, with great accessibility and would seem to be an ideal purchase.

The Clerk then said he felt it was a good point to add the thoughts of J Lewis, whom he had spoken with the night before.

He said that J Lewis had said he understood the urgency of the meeting and thought that if all were in favour, he considered it to be a very sensible purchase. J Lewis also had said that he recognised the urgency to move from the Albion Place building due to its condition.

The Clerk explained that J Lewis had requested that any further discussions and decisions on the depot should be done at a later date as he wished to be present at that point.

He finished by saying that J Lewis had said he looked at the building and its purchase favourably and would support the decision of the members present.

J Mair asked if there were any other sites available on the Sheppey Way and why the previously favoured site was no longer a consideration.

S Mair explained that there was opposition from the landowners and that they were resolute to not sell. He also said with the current situation in that area for residential development other sites were extremely hard to come by.

D Dewar-Whalley asked whether Lorna herself would consider a commute to Sittingbourne as a problem?

The Finance Officer said that due to the motorway and main road links it would be an easy trip.

The Clerk added that while he did not wish to speak for the Office Manager, she was located on the M2 junction and would have a straight forward commute also, although that would be for her to comment.

H Rogers asked whether the LMIDB were looking at a single floor or both?

S Mair said the freehold required the purchase of both.

H Rogers asked about the available space compared to Albion Place.

S Mair said each floor had a similar area to Albion Place, but as it was open plan there was a lot more useable space.

H Rogers asked if there had been any estimates on moving costs at all?

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S Mair said this had not yet been considered, although there had been new carpets, a kitchenette and shower room installed. This complimented the 2 sets of toilets, modern lighting and air conditioning. He then gave more details on the overall layout including the provision of room for a disabled lift to be installed.

H Rogers asked if there was likely to be a declaration of interest on the property from any Board members?

S Mair said it was unlikely as the owners were from a company based in London.

M Davis asked why there was a need to purchase as we were not developers, and would it not be better to rent?

S Mair said that it was a desire of the LMIDB to own their offices as it gave better value for money in the long term. It was also a matter of not having a suitable place from which to operate as the Board wished.

M Davis said he understood that while we were building our own, but why should we use public funds to purchase this office as an asset. He then added that if we are going down this route, why buy an office that is too big for us currently?

S Mair said that the UMIDB were not spending money on this, and the LMIDB has plans to expand into the future and this offered a good opportunity to futureproof.

S Batt said that the LMIDB was putting up all the money, and that it had been put aside by the LMIDB after discussions over many years with the sole goal of owning a property that offered security.

M Davis asked what the relationship would be between the two Boards.

S Mair said the LMIDB would in essence be the landlord, and an agreement would be made between the Boards to establish the tenancy or licensee of the UMIDB.

He continued that he was under the impression that once a suitable building was established that the Albion Place building would be sold.

The Clerk said that the plan had always been for the LMIDB to buy land to then build on afterwards with contributions from the UMIDB towards the office building. He said that by purchasing the Conqueror Court building the LMIDB took on the liability as the landlord and the UMIDB then had the opportunity to rent from the LMIDB as they had discussed before and as M Davis had previously mentioned. This offered the LMIDB the security they desire, and also gave the UMIDB security for it's future because it was intrinsically linked to the LMIDB due to the Joint Services arrangement.

M Davis said he found the Joint Services arrangement to be pretty unusual.

The Clerk said it was in fact fairly common in the industry for a single office to run multiple Boards.

D Dewar-Whalley said he felt he had heard enough and that a proposal for the procurement should be made.

S Batt said he would second that.

On Proposal by D Dewar-Whalley and Seconded by S Batt it was AGREED that S Mair should make an offer on behalf of the Lower Medway Internal Drainage Board for the building at Conqueror Court.

All members were in agreement on this.

S Batt said S Mair should be delegated authority to negotiate on behalf of the Board to the full asking price and carry out diligence as he saw fit for the purchase.

On proposal by S Batt and Seconded by D Dewar-Whalley it was AGREED that S Mair would be delegated responsibility to negotiate and carry out diligence on behalf of the Lower Medway Internal Drainage Board for the property as required prior to a final offer.

All members were in agreement of this.

M Davis said that diligence was fully expected as part of the sale and would be a good idea.

S Mair asked the Finance Officer if she could arrange for him to have bank statements for the LMIDB to demonstrate the position of the Board to the solicitors.

The Finance Officer said she would get this done.

H Rogers said he wanted to make some points on behalf of the Upper Board. He said he recognised this was a Lower Board decision. He said he would be proposing to the Upper Board that they met half the moving costs and half the operational costs once they were established. He said there needed to be a further conversation regarding rental or licensee arrangements and that it probably was not necessary until the Upper Board had agreed that they would be happy to become a tenant.

He added that it was important to maximise the value from the sale of Albion Place and that it should be investigated.

The Clerk said he would like to discuss what resolution should be made by the Upper Board to acknowledge the purchase and agree to be a tenant or licensee into the future.

H Rogers said that he would like to work on that with D Goff over the next few days before the Board meeting.

D Goff said he thought it should be confirmed as a sale first, but he welcomed the discussion and the transparency. He said that it was important that S Mair came back to them with notification of the final decision so they could report to the Upper Board next week.

He continued by saying it looked as though a lot of work had been done by the Lower Board Chairman and Vice-Chairman and that options were very thin on the ground. He said it was interesting that this produced the scenario where the UMIDB could rent as they had indicated they would like to do previously.

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He finished by asking whether there were plans to rent out a floor in the short term to recoup some money?

S Mair said it was an option that would be considered and was looking forward to the opportunities the office presented.

D Goff asked whether there was a need to inform DEFRA or similar?

S Batt said this was an asset procurement and if they did block it we could be without an office entirely.

The Clerk added that while the option for compulsory purchase was always there, this was a far more palatable solution to the issue of needing a new office. It therefore seemed the correct way to proceed that benefitted both Boards.

S Mair said he would look to discuss a suitable arrangement with the Upper Board once they had finished their Board meeting next Tuesday. He added that the expertise of M Davis may prove to be most useful with this.

D Dewar-Whalley said that this was an excellent meeting and that the input of the Upper board representatives was a vital part of this discussion.

D Dewar-Whalley then gave his apologies and left the meeting.

H Rogers said rather than put this on the Upper Board members, he asked whether it would be possible to share some details of this meeting with them 24 hours before the meeting. He said he didn't want to surprise them with a resolution proposal without some background.

S Mair said the LMIDB were open with the information and could provide the memorandum of sale, and the minutes of this meeting although they would be in draft.

S Batt said that as long as it was understood these minutes were in commercial confidence, he was happy that they were used.

D Goff said the minutes would be useful as long as it tied in with the conclusion of the sale. He asked to speak with S Mair on Friday for an update.

M Davis said being able to be part of the meeting today was enormously helpful and that they would communicate as best they could back to the Upper Board.

He asked if the offices were to be split across 2 levels that they could be suitably secured?

S Mair said yes, the provision of locks and security would be in place.

M Davis said we should take this opportunity to begin looking at options for Albion Place, including the additional development opportunities it may present.

S Mair said there had been interest from neighbours about the sale of the Albion Place building, but we needed to consider that as a quasi-government body it was of

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paramount importance we were transparent in the sale. He then suggested that an auction might be the best option.

M Davis said he would like to explore additional development opportunity before it went through an auction, even with a reserve.

S Mair said that the conversation should happen after we know a bit more about the purchase of Conqueror Court as that was not finalised yet.

S Mair asked the Clerk to speak with Sibley Pares to expand their valuation remit to include options for maximising sale value including development.

He then asked to be given contact details for M Davis so he might keep everyone informed on the progress of the potential purchase.

3. CLOSURE

There being no further business the Chairman thanked Members of both the committee and the Upper Board for their attendance at the last minute and declared the meeting closed.