Press Release – The Times

17th February 2021

**Response by Cllr Ian Harvey to article in The Times Wednesday 17th February 2021**

1. I had been given no opportunity for input into the “report” by Cllr Nichols or the Times article prior to publication.
2. Spelthorne have not purchased any commercial investment property (except a vacant shop, by my successors) since 2019 so this is “old news”.
3. Cllr Nichols is believed to have written this “report” of his own volition for his own motives and was not even a Councillor when we bought the vast majority of our commercial investment portfolio.
4. All purchase decisions were made strictly in accordance with the law, our constitution and under the supervision of the Monitoring Officer, Chief Executive and S151 Officer, and supported by highly reputable outside consultants. All notifications and reports were published as required. Any suggestions of improper conduct are vigorously refuted. Spelthorne did and still do under the new leadership operate on a “Strong Leader and Cabinet” system and all decisions were and are made within that protocol.
5. All purchases were funded by borrowings permitted within the Councils prudential borrowing limit of £1.4 billion, which was approved by all Councillors at Full Council meetings with the stated intention of using this to make commercial investments. This limit was approved by Full Council, so all Councillors were fully aware (had they read their papers and taken notice of what was being said in meetings) of what we were doing. Before embarking on the original ground-breaking BP purchase I even briefed and obtained the support of the opposition Group leaders prior to proceeding.
6. These investments now generate £10 million per annum net disposable income (approximately 50% of total council budget) that is used directly to support Council services. This is after taking account of interest and capital payments, management, provision for refurbishments and voids and a current ringfenced sum of £23 million accrued over the last 4 years from gross property income to protect the Council in the unlikely event of significant defaults; not withstanding of course the equity accruing by repayment of loans which is projected to be in the region of £178m in 10 years.
7. Over the last year, despite the unprecedented financial impact on this Nation’s economy of COVID19 our commercial investment rental income collection rate is approximately 98%, way ahead of the industry average. This is astonishingly high and a testament to the quality of properties acquired, the tenants, and crucially, the quality and hard work of our staff who manage these properties.
8. Many local authorities are teetering on the edge of a financial abyss, and a number expecting to have to file S114 (the council equivalent of bankruptcy); not Spelthorne. A recent study found we had the highest ratio of reserves to income of any borough or district in the Country.
9. Cllr Nichols has been very critical, but clearly as he was not a Councillor during most of the acquisitions phase, he has limited knowledge of what actually occurred. Furthermore, whilst he has been vociferous in his criticism of my administrations actions in restoring Council finances, and despite my multiple requests to him for his alternative fundraising proposals, he has not been forthcoming. The fact is that during my leadership there were no cuts to services, no Council Tax increase above inflation (and probably none at all this year as a result of our investments) and no disposal of assets / reserves. Our investments are sound and performing exceptionally well in the circumstances. I believe most local authorities would be delighted to be in our financial position.
10. The stated shortfall in the current budget is due largely to multiple projects stalled by the new administration and impacts of COVID19. For example, it was recently disclosed that the cost of delayed projects is costing £9100 a week. Without these investments Spelthorne would be £10 million per year worse off.
11. On 16th February 2021 a “Motion of No Confidence” in the current Leader (Cllr Boughtflower) was served and will be debated at special Council Meeting on 4th March.

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