

WAVERLEY BOROUGH COUNCIL

VALUE FOR MONEY AND CUSTOMER SERVICE OVERVIEW AND SCRUTINY

19 NOVEMBER 2018

Title:

REVIEW OF PROPERTY INVESTMENT STRATEGY

Portfolio Holder: Cllr Hall

Wards Affected: All

Summary and purpose:

Paragraph 12 of the Property Investment strategy approved April 2018 states: The strategy will be reviewed after six months by the VfM O&S Committee with input from the IAB and, in relation to certain matters, the Audit Committee.

If the VFM Committee considers that any material changes to the Strategy are necessary, it will make an appropriate recommendation to the Executive. Any revisions will be subject to Council approval. As such the purpose of this report is to consider any review required.

How this report relates to the Council's Corporate Priorities:

This report links directly with the Council's priority for prosperity

Equality and Diversity Implications:

Investment opportunities seek to provide financial returns to support all services including those which promote equality and diversity

Financial Implications:

A sound Investment Strategy which achieves an appropriate balance between risk and return is essential to support service provision

Legal Implications:

The Council is required to ensure best value is achieved under the Local Government Act 1972.

1. Background

In April 2018 the Investment Strategy dated March 2018 (Annexe 1) was approved on the proviso under paragraph 12: Long-term Governance that it would be reviewed after six months.

Prior to April 2018 four acquisitions had been made in accordance with the criteria set out to balance the risk and returns to the Council after allowing for the repayment of interest and setting aside a minimum return provision.

Since April 2018 seven realistic opportunities have been presented and considered under the terms of the criteria. Of the seven only one opportunity (Godalming Business Centre) met the required criteria but following due diligence has been discounted. The criteria as set have enabled unsuitable investments that do not meet the required standards to be filtered out and has provided a clear steer for officers. On analysis the minimum return figure of 2% was not met in most cases.

Whilst no acquisitions have been made it is considered this is due to a lack of availability within the Borough, rather than the criteria being too stringent. Several potential sites have met all the criteria, but due to restriction of borrowing from PWLB have not been considered. At the IAB on 15th October it was agreed to seek legal and financial advice to form a property company to enable access to funding for investments outside the Borough.

In terms of properties acquired prior the adoption of the Property Investment Strategy:

Enterprise Centre - Performing effectively although we have one small unit currently void.
Langham Park - Occupied and the recent rent view has generated additional ongoing income.

Wey Court West - Occupied and tenant current with rent.

Wey Court East - The lease ended in July and the refurbishment work required is almost complete. Whilst there has been some interest our Agent is recommending that the two large floor be split into two. We are considering that matter at present.

Recommendation

It is recommended the VfM O&S Committee considers the details set out in the report and endorses that the Property Investment Strategy remains as it stands and is reviewed again in six months' time.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Anne Cains

Estates and Valuation Manager

Telephone: 01483 523315

E-mail: Anne.Cains@waverley.gov.uk