

WAVERLEY BOROUGH COUNCIL

RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

20 FEBRUARY 2023

Title:

Asset Investment Advisory Board update

Portfolio Holder: Cllr M Merryweather, Portfolio Holder for Finance, Assets and Commercial Services

Head of Service: Marieke van der Reijden, Head of Assets and Property

Key decision: No

Access: Public/Part Exempt

1. Purpose

- 1.1 The purpose of this report is to update the Resources O&S Committee (the Committee) on the progress and work of the Asset Investment Advisory Board (AIAB), which advises the Executive on property investment matters. The update is detailed in Exempt Annexe 1.
- 1.2 This report also gives the Committee an update on the performance of the current portfolio projected to the end of the financial year (Exempt Annexe 2).

2. Recommendation

It is recommended that the Committee notes the property investment activity and makes any observations or recommendations to the Portfolio Holder and/or Executive as appropriate.

3. Reason for the recommendation

The AIAB works on behalf of, and advises, the Executive regarding property investment matters and decisions. This report provides an overview of the work of the AIAB to the Committee whose role it is to scrutinise the decisions of the Executive.

Investment activity can be:

Investments for commercial purpose - these are long term investments taken or held primarily for financial return. The Council's primary objective in relation to its commercial activity is the security of capital invested and having an exit strategy in place for each investment. Commercial activity will be limited to the legacy portfolio and that which is incidental in any proposed investment activity.

Investments for service purposes - these are taken or held primarily for the provision, and for the purposes, of delivering public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.

The proposals detailed in annexe 1 will be undertaken within Government guidelines.

4. Relationship to the Corporate Strategy and Service Plan

- 4.1 The Service Plan for Assets and Property Services (2022-2025) aims to Identify and develop opportunities to generate revenue through property development schemes to increase overall income in line with the Medium Term Financial Plan, Asset Investment Strategy and HM Treasury "not for yield" guidelines (Outcome 7). As well as managing the diverse legacy portfolio and operational asset base with the aim of gaining maximum benefit from the assets the Council holds.

5. Implications of decision and consultation and engagement

5.1 Resource (Finance, procurement, staffing, IT)

The performance of the property portfolio is detailed in exempt annexe 2.

6.2 Risk management

Risk is mitigated in accordance with the Asset Investment Strategy by having a governance framework around all investment decisions, a balanced property portfolio with diversity through class and location, exit strategies for each investment and obtaining inflation protected income growth.

6.3 Legal

There are no legal implications arising directly from this report.

6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

The income from the property portfolio supports service delivery and the Council's corporate objectives including with regard to the climate emergency declaration. The Service Plan for Finance and Property Services (2022-2025) aims to effectively manage the investment property portfolio in support of the Council's Carbon Neutrality Plan whilst ensuring income levels match or exceed budget targets (Outcome 7).

7. Consultation and engagement

- 7.1 This is an update report on the progress of the AIAB and no decision is being made at this committee.

8. Other options considered

- 8.1 The Council's property assets will continue to be reviewed for investment opportunities and new opportunities identified in pursuit of best use of assets within the Borough. The property portfolio will undergo continual monitoring of performance.

9. Governance journey

- 9.1 The AIAB reports to the Executive with its advice regarding property investment. This report was produced for the Committee to note the AIAB's recent activity.

Annexes:

Exempt Annexe 1 – Property Investment – update

Exempt Annexe 2 - performance of the current portfolio

Background Papers

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

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Agreed and signed off by:

Legal Services:

Strategic Director:

Portfolio Holder: