

OSCOM Review of Finance & Resources Portfolio – Investment Properties

Report of the Finance and Resources Portfolio Holder

Recommended:

1. That the council's approach to managing the existing investment property portfolio be endorsed.
2. That the approach to considering new investment opportunities be endorsed.

SUMMARY:

- Overview and Scrutiny Committee will receive a presentation on the Council's investment property portfolio.

1 Introduction

- 1.1 The Finance & Resources Portfolio Holder will present an update to the Overview and Scrutiny Committee (OSCOM) on the Council's investment property portfolio.

2 Background

- 2.1 The Council has historically owned a large land portfolio from which a rental income is received.
- 2.2 Since 2014, significant investment (c£30M) has been made through the Project Enterprise initiative to increase and diversify the portfolio of investment properties held. Investment properties are those which are held primarily for rental income or capital appreciation and not used in the delivery of core Council Services.
- 2.3 In addition, two joint ventures have been completed with the Council's delivery partner, Kier Property Ltd, to rejuvenate derelict or previously undeveloped sites on Walworth Business Park.
- 2.4 The presentation (attached as an annex) provides an update on:
 - The current market for commercial property investments
 - A review of the TVBC portfolio
 - How our business parks are managed
 - A summary of Project Enterprise investments
 - Factors affecting further growth in the portfolio
 - Potential for future delivery arrangements
 - The need for future income capital receipts

2.5 The presentation is set out in a way that can accommodate a discussion in an open forum. There are commercial sensitivity reasons why specific projects are not included in detail – both for the Council and its tenants.

3 Corporate Objectives and Priorities

3.1 Income derived from investment properties is critical to the Council's Medium Term Financial Strategy. It is the single largest source of income in the Council's budget. It is therefore critical to the ongoing delivery of Council services.

4 Conclusion

4.1 The presentation will provide members with an overview of the Council's approach to managing its investment property portfolio and the implications that the rental income from portfolio has on the Council's overall budget.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
Authors:	Carl Whatley & Paul Brooks	Ext:	8540 / 8318
File Ref:	N/A		
Report to:	Overview and Scrutiny Committee	Date:	17 May 2022