

**PERFORMANCE AND FINANCE SCRUTINY
COMMITTEE**

Portfolio Holder Update: Assets

Portfolio:	(Portfolio)
Ward(s) Affected:	(Ward)

Purpose:

To provide a progress report on the Assets Portfolio.

1. Background

1.1 The Assets Portfolio covers the following areas as set out below:

- Assets Management and Development
- Income Generation
- Property Acquisition

2. Assets and Management

2.1 The Committee received a report at its last meeting on 5 December 2018, updating the position on the major property acquisitions that the Council has undertaken. It is not proposed to repeat the detail contained therein.

2.2 Assets that the Council acquired are managed on a day to day basis by Hurst Warne on behalf of the Council. They deal with tenancy issues that arise, collect rents and administer the service charges, negotiate new tenancies to reduce any voids. A further eighty-two tenancies on the Industrial Estates now require management.

2.3 The Corporate Property Team has also carried out works in the past financial year which include new sliding doors in Council Chamber, assisting in the refurbishment of the Theatre toilets, and dilapidation works on the industrial estates. Compliance checks are also up to date on Council occupied buildings.

2.4 CAB has agreed to move into SHBC House following the relocation of the Heritage Service. This then releases the porta cabin which will be used by Hope Hub Charity. These moves are intended to take place early in April.

2.5 Two further Community leases have been completed so far this year, namely Camberley Lawn Tennis Club and Southcote Depot.

3 Income Generation

3.1 This links to the Council's Medium Term Financial Strategy and to the Property Acquisitions Strategy.

3.2 Property has been acquired in order to ensure that there is an adequate revenue stream for the Revenue Budget, so that the returns on investment are supporting the delivery of the Council's day to day services for the community.

Investment Property

3.3 The Investment Strategy approach has been to take a longer term view, mainly fifty years, rather than the short term. Borrowing costs can therefore be spread over the longer term, making yields acceptable to the Council.
Income is being generated from the latest acquisitions:

- St Georges Industrial estate;
- Albany Park, Frimley
- Trade City, Frimley;
- and Vulcan Way, Sandhurst.

3.4 It has been assumed rents will rise by 1% per annum for budget purposes. This requires active management by the Council's agents to collect income, reduce voids and negotiate lease and rent renewals. In addition the development potential of some of the units at Vulcan Way is being considered, which subject to a business case, could improve income.

Regeneration Properties

3.5 Two further possible acquisitions in the London Road Development site which are currently in negotiation. Members will be advised of the outcomes. This will assist in the CPO process in due course.

3.6 The SQ income is also closely monitored through the Managing Agents, Montagu Evans. Members will be updated at the meeting as the Council is due to receive quarterly report on performance against the Business Plan and Lettings Strategy, following the close of the December quarter.

4 Property Acquisition

4.1 Since then, further potential acquisitions have been reviewed and it is anticipated that a report will be brought to the next Executive meeting with a recommendation to acquire.

4.2 Officers receive many opportunities to purchase and these are reviewed in detail before taking any forward to consider purchase.

5 Recommendation

5.1 The Committee is advised to note this report.

Background Papers: None

Author: Karen Limmer, Head of Legal and Property

Telephone:01276 707304

email: Karen.limmer@surreyheath.gov.uk