

# STRATEGIC ASSET MANAGEMENT COMMITTEE

28 NOVEMBER 2019

## PRESENT:

Councillors Eadie (Chairman), Cross, A Little and Strachan

## 6 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Norman.

## 7 DECLARATIONS OF INTERESTS

There were no declarations of interest.

## 8 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 11 June 2019 were approved as a correct record.

## 9 PRESENTATION: AN INTRODUCTION TO PUBLIC SECTOR PLC (PSP)

The Chairman welcomed Mark Hammersley (Partnerships Director), Laila Miles (Development Manager) and Carwyn Beswick (Development Manager) from Public Sector Plc who gave an introduction to the PSP Lichfield LLP Partnership which included:

- An introduction to Public Sector Plc
- Benefits of PSP Partnerships
- A governance overview
- A summary of partnership projects including modular housing.

Members asked a number of questions and discussed the potential role of the Partnership.

**RESOLVED:** That the presentation by Public Sector Property Plc be noted.

## 10 WORK PROGRAMME

Consideration was given to the Committee's work programme for the council year 2019-20.

## 11 UPDATE ON LICHFIELD HOUSING LIMITED

The Committee noted that the delivery mechanisms for the Council's strategy for investing in property including the creation of a company to develop residential property.

The residential property investment company, named Lichfield Housing Company was incorporated on 2 September 2019. The Board of Directors had been formally appointed and had met to undertake the necessary formalities to finalise incorporation.

It was reported that delivery of the transition plan was underway and once completed the company would be operational and able to take forward development opportunities.

**RESOLVED:** That the content of the report and progress made be noted.

## **12 PORTFOLIO MANAGEMENT UPDATE**

It was reported that, in line with the recommendations of the 'delivering the property strategy' report approved in October 2018, a property services team had been established to improve the approach to estates management and property investment.

This team had undertaken a range of activities to modernise and improve the delivery of estates management and details were given of the progress to date.

Members asked about rental income, dilapidations and service charges (including service charge administration). It was advised that data validation work was currently underway and further core data would be reported in the near future. It was noted that property condition surveys were being undertaken across the estate to enable a proactive repair and maintenance programme to be implemented and inform the establishment of a sinking fund.

**RESOLVED:** The Committee noted the report and the progress made.

## **13 ACQUISITION PROCESS FOR INVESTMENT PROPERTY**

It was reported that the Council's Property Investment Strategy was approved by Cabinet in December 2017. In October 2018 the Council approved the property acquisition process for investment property.

The significant growth in commercial property investment by local authorities had seen a number of statements issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and proposals had been made to change their guidance on commercial property investment. As a consequence the Council would need to focus investment that was funded by borrowing on opportunities that clearly supported the local economy.

The Committee was advised that in implementing the strategy, potential improvements and areas that required further clarity had been identified. As a consequence it had been decided to undertake a review of the Council's approach.

The Committee discussed the existing acquisitions process noting that it could result in significant delays before an offer could be made, potentially putting the Council at a disadvantage.

Consideration was given to options/models for making the process more streamlined thereby enabling the Council to respond more quickly to opportunities. The Committee was conscious that acquisition procedures needed to be agile while ensuring governance requirements were met including provision for effective scrutiny.

It was suggested that following a successful viability and financial assessment of a potential investment, a review could be undertaken by the Strategic Asset Management Committee. If approved, an offer could be made subject to due diligence and Cabinet approval. Where an offer was accepted by the vendor, upon completion of the necessary due diligence, then the matter would be referred to Strategic (Overview and Scrutiny) Committee and finally Cabinet where making the purchase was deemed to be in the Council's interest.

It was advised that for lower value property investment opportunities (up to £2m) the constitution allowed for the Chief Executive, in consultation with the Leader of the Council, with oversight by the Section 151 Officer and Monitoring Officer, to make an offer (subject to due diligence being undertaken).

**RESOLVED: (1)** That the approach to only consider acquisitions where there is evidence that the acquisition would have a clear benefit to the local economy be noted.

**(2)** That the views of the Committee on the acquisition process and changes that could be implemented to improve the approach be noted and that the property acquisition process be refined.

(The Meeting closed at 5.45 pm)

CHAIRMAN