

23 March 2017 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks
Despatched: 15.03.17



Policy & Performance Advisory Committee

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Miss. Stack
Cllrs. Abraham, C. Barnes, Clark, Kelly, Krogdahl, Maskell, McGregor, Mrs. Morris, Parkin and Thornton

Agenda

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Committee held on 6 October 2017, as a correct record.	(Pages 1 - 4)	
2. Declarations of Interest Any interests not already registered.		
3. Actions from previous meeting (if any)		
4. Update from Portfolio Holder		Cllr. Fleming
5. Referrals from Cabinet or the Audit Committee (if any)		
6. Property Investment Strategy Update	(Pages 5 - 22)	Adrian Rowbotham Tel: 01732 227153
7. Developing the Corporate Plan	(Pages 23 - 26)	Lee Banks Tel: 01732 227161
8. Work Plan	(Pages 27 - 28)	

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

POLICY & PERFORMANCE ADVISORY COMMITTEE

Minutes of the meeting held on 6 October 2016 commencing at 7.00 pm

Present: Cllr. Fleming (Chair)

Cllr. Miss. Stack (Vice Chairman)

Cllrs. Abraham, Clark, Eyre, Kelly, Krogdahl, Maskell, Parkin and Thornton

Apologies for absence were received from Cllrs. McGregor and Mrs. Morris

Cllr. Dr. Canet was also present.

13. Minutes

Resolved: That the Minutes of the meeting held on 7 June 2016, be approved and signed by the Chairman as a correct record.

14. Declarations of Interest

It was noted that any Councillor who was also a member of the Development Control Committee, was entitled to consider the merits of applying for additional parking at the Buckhurst 2 Car Park without prejudice to any future consideration of the matter at the Development Control Committee.

The recommendation within the report was only that an application be submitted and Members of the Development Control Committee would have separate considerations when determining whether planning permission should be granted.

Members were entitled to look at the application afresh so long as they were still open-minded.

There were no additional declarations of interest.

15. Actions from previous meeting

There were none.

16. Update from Portfolio Holder

The Portfolio Holder, and Chairman, advised Members that ground had been broken at Bradbourne Vale Park Road and piling had started and was progressing

well. The temporary car park at Morewood Close was open and being used by some permit holders.

The consultation for the Swanley Vision Masterplan had commenced and ended on 2 November 2016. A mail out had taken place to Swanley town and village and Hextable.

Two non executive directors had now been appointed to Quercus7.

17. Referrals from Cabinet or the Audit Committee

There were none.

18. Budget 2017/18: Service Dashboards and Service Change Impact Assessments (SCIAs)

The Chief Finance Officer presented the report which set out updates to the 2017/18 budget within the existing framework of the 10-year budget and savings plan. The report also presented proposals that had been identified which needed to be considered, together with further suggestions made by the Advisory Committees, before finalising the budget for 2017/18.

The major message of the report was that the Council was able to remain financially self-sufficient.

The budget agreed by Council in February included £100,000 of new savings or additional income per annum and the Advisory Committees were being asked to make suggestions to Cabinet that would achieve the £100,000 required for next year. Two Member Budget Training sessions had recently taken place with the intention of increasing, or refreshing, Members knowledge of the budget process and to enhance the discussions that would take place at this round of Advisory Committees.

The Chief Finance Officer reminded Members that over £6m had already been agreed to be saved between 2011/12 and 2017/18 made up of over 130 items and over £10m had been saved since 2005/06.

Members reviewed and discussed Appendix D which contained the growth and savings proposals put forward by the Portfolio Holder and Chief Officers, and the Service Change Impact Assessments (SCIAs) in Appendix E.

Members also considered and gave their individual ideas for growth and savings items. The Chief Finance Officer summarised the suggestions put forward and Members considered whether there was anything they wanted taken forward as potential growth or savings suggestions. A number of growth and savings items were suggested and discussed:

Growth

- Broadband improvements.
- Reinstatement of the Big Community Fund or something similar.

- Investment in skills training (Economic & Community Development Advisory Committee remit).
- Improved start up business accessibility, e.g. seed funding (Economic & Community Development Advisory Committee remit).
- Improved district event and activity promotion.

Savings

- Additional property acquisitions/developments.
- Investigate further shared services opportunities within this portfolio's terms of reference.
- External communications (social and online).
- Look at ways to reduce corporate management further.
- Set up a bank (mobile/local).
- Become a social landlord for young workers (Housing & Health Advisory Committee's remit).

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty and that individual equality impact assessments had been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process was fair and transparent.

Resolved: That it be recommended to Cabinet that

- a) the growth proposals identified in Appendix D applicable to the Advisory Committee (SCIAs 08, 09, and 10) be agreed;
- b) the savings proposals identified in Appendix D applicable to the Advisory Committee (SCIAs 11, 12, 13 & 14) be agreed;
- c) the following suggestions be discussed further

Growth

- Broadband improvements.
- Reinstatement of the Big Community Fund or something similar.
- Investment in skills training (Economic & Community Development Advisory Committee remit).
- Improved start up business accessibility, e.g. seed funding (Economic & Community Development Advisory Committee remit).
- Improved district event and activity promotion.

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- Investigate further shared services opportunities within this portfolio's terms of reference.
- External communications (social and online).
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Policy & Performance Advisory Committee - 6 October 2016

19. Development of Buckhurst 2 Car Park

Members considered the report which sought approval to develop the existing Buckhurst 2 car park to provide additional town centre parking capacity and residential accommodation. Members considered and discussed the three funding scenarios.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that

- a) a planning application be submitted to provide additional long stay parking at the Buckhurst 2 Car Park, Sevenoaks;
- b) the planning application includes provision for residential accommodation to partly offset the cost of the proposed car park; and
- c) the preferred funding method be scenario C, as detailed within the report.

(Cllr. Miss. Stack chose to leave the meeting during consideration of this item.)

20. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.53 PM

CHAIRMAN

PROPERTY INVESTMENT STRATEGY UPDATE

Policy and Performance Advisory Committee - 23 March 2017

Report of Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 28 March 2017

Cabinet - 20 April 2017

Council - 25 April 2017

Key Decision: No

Executive Summary: This report provides an update on the progress of the Property Investment Strategy to date and looks at the future direction of the strategy.

The Property Investment Strategy was approved by Council on 22 July 2014 to support the aim of the council becoming more financially self-sufficient as Government Support continued to reduce.

The initial acquisitions have helped the council achieve this aim and this report provides an update on the acquisitions to date and requests additional funding to enable the council to achieve 'self-sufficiency +' and therefore provide extra value to residents. Funding previously approved has now nearly all been spent.

External investment advisors have analysed the current property investment portfolio and provided advice as to the future direction of the strategy. This advice has been used to propose changes to the Property Investment Strategy criteria and to support the reasons to set aside further funds.

Portfolio Holder Cllr. Fleming, Cllr. Scholey

Contact Officer(s) Adrian Rowbotham Ext. 7153

Recommendation to Policy and Performance Advisory Committee:

- (a) Members recommend the Updated Property Investment Strategy and;
- (b) Members recommend that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Finance Advisory Committee:

- (a) Members recommend the Updated Property Investment Strategy and;
- (b) Members recommend that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Cabinet:

- (a) Members recommend the Updated Property Investment Strategy to Council and;
- (b) Members recommend to Council that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Council:

- (a) Council agrees the Updated Property Investment Strategy and;
- (b) Council agree that a further £25m be set aside for the Property Investment Strategy.

Introduction

- 1 In recent years Sevenoaks District Council has been faced with ongoing reductions in Government Support culminating in it no longer receiving Revenue Support Grant from 2017/18. This has led to a number of decisions that have been taken through the 10-year budget process to try and ensure that the council remains in a financially sustainable position going forwards.
- 2 On 7 November 2013, Cabinet approved the Corporate Plan which set out key focus areas for the organisation including the need to become more financially self-sufficient. The agreed plan articulated an approach of investing in assets that will generate revenue income to allow less reliance on diminishing Government Support. It goes on to state that this could be done either through the review of use of reserves or through borrowing at low interest rates.
- 3 On 22 July 2014, Council agreed the Property Investment Strategy with specific criteria which is shown in Appendix A.

Funding Agreed to Date

- 4 A total of £18m of funding for the Property Investment Strategy has been agreed to date as follows:
 - £5m Council 22 July 2014
 - £3m Council 17 February 2015
 - £10m Council 21 July 2015

Activity to Date

5 A summary of the expenditure to date is included in the following table:

Date	Activity	Total Cost £000	Average Annual Income Yield %
Activities achieving the required return			
Apr 2015	Suffolk House (including refurb.)	4,683	7.7% (7.1% before refurb.)
May 2015	Swanley Petrol Station and Supermarket	2,566	6.1%
Mar 2017	Office building, Sevenoaks	4,673	6.1%
Work in Progress			
Feb 2015	Swanley Working Men's Club (including demolition)	1,437	-
2016/17	Quercus 7 set up costs	10	-
Feb 2017	96 High Street, Sevenoaks	4,501	Initially 2% Basic option 7% Other options 7%+
	Total	17,870	

6 **Swanley Working Men's Club** (February 2015) - The premises were demolished in July 2016. This site will be part of the gateway to Swanley.

7 **Suffolk House, Sevenoaks** (April 2015) - This office building is in a town centre location with diminishing levels of office stock in the area. It consists of a total of 16,699 sq ft of office space over four floors with 84 parking spaces. It is managed by a property management company with costs recoverable under a service charge. Several floors have now been

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refurbished to grade A standard office space and the price per square foot is now significantly higher than when the building was purchased.

- 8 **Swanley Petrol Station and Supermarket (May 2015)** - The property comprises a 2,789 sq ft convenience store building with 15 car parking spaces, 8 multi-fuel pump forecourt with jet wash and car wash on a 0.589acre site. The property is let on a lease expiring in August 2030.
- 9 **Quercus 7 set up costs** - a budget of £10,000 was approved by Council on 31 March 2015 to be funded from the Property Investment Strategy Reserve.
- 10 **96 High Street, Sevenoaks (February 2017)** - This premises consists of ground floor retail space, 1st and 2nd floor office space with residential potential and development opportunity to rear. The most basic option of refurbishing the office space and selling the land to the rear will give a 7% annual return. The land at the rear is next to a council car park which in turn is next to the bus station and therefore has the potential to be a catalyst for wider development.
- 11 **Office building, Sevenoaks (due to complete in March 2017)** - This is a modern freehold office investment in Sevenoaks town centre. The 10,499 sq ft building over three floors has 56 car parking spaces is currently fully let on a ten year lease.
- 12 The above activity has used £17.87m of the £18m approved.
- 13 All acquisitions have been supported by a thorough business case and approved by the Policy & Performance Portfolio Holder in consultation with the Finance Portfolio Holder as required by Council.

Property Investment Strategy Income

- 14 The 10-year budget approved by Council on 21 February 2017 included net Property Investment Strategy income of £500,000 in 2017/18 and £735,000 in 2018/19. Income from the properties acquired to date should exceed these budgets and therefore help to deliver 'self-sufficiency+'.

Funding Sources

- 15 The £17.87m spent to date has been funded by (or is expected to be as part of the 2016/17 annual accounts process):
 - Property Reserve and Financial Plan Reserve £4.76m. Funds put aside for the Property Investment Strategy agreed as part of the annual budget setting process.
 - Capital receipts £8.61m. Proceeds from the sale of council assets.
 - Internal borrowing £4.5m. From council balances. No interest is paid but Minimum Revenue Provision (MRP) is charged. MRP is the minimum amount which must be charged to the revenue account each year and

set aside as provision for repaying loans and meeting other credit liabilities. This is a requirement for any form of borrowing so that an amount is set aside to repay the loan.

- External borrowing £nil. This funding method incurs interest and MRP costs each year.

Future Opportunities

- 16 Savills (Investment Advisors) have analysed the Council's current property investments and advise that the council should consider further acquisitions in order to provide a more balanced investment portfolio. They recognise that good investment purchases have been made and are currently performing well and this is set to continue with the creation of new tenancy agreements and potential development opportunities within the current portfolio.
- 17 They also advise that further acquisitions should be targeted towards the industrial sector to reflect not only a more balanced portfolio and dilute any risk that may occur within specific areas of commercial property. They also recognise the preference to balance the portfolio by way of geographical area, investing in other commercial focused areas and residential property. However, opportunistic purchases should not be ignored where value for money and growth can be identified for example further properties in Sevenoaks.
- 18 Savills have confidence that the current property investment strategy is working but is now reaching a point where the following should be considered to update the strategy:
 - Broader geographical area and sector purchases.
 - Yield requirements/target to be a minimum of 5%.
 - Budget £20-25 million.
- 19 The following projects are expected to progress as part of the Property Investment Strategy.
- 20 96 High Street, Sevenoaks - development of the site and potentially also adjacent sites.
- 21 Swanley - a separate report will be presented to Members at an appropriate stage, therefore the funding requested in this report is not required to fund these schemes. The sites are:
 - Bevan Place / 27-37 High Street, Swanley - potential for residential units and business start-up space.
 - White Oak Leisure Centre

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- 22 Timberden Farm - The majority of land has been sold. The agricultural buildings have currently been retained with work continuing before deciding how to proceed.
- 23 Small sites development (including Stangrove Estate and Spitals Cross, Edenbridge)
- 24 Croft Road, Westerham - This land has been sold to a developer to build 18 residential units. The council has an option to acquire two houses at a discount (based on external valuation).
- 25 Further individual investments.
- 26 Due to the number of developments planned for the next few years it is recommended that the emphasis for any further acquisitions are for sites where no further work is required rather than those with development potential.
- 27 Proposed changes to the Property Investment Strategy criteria are included in Appendix A.

Further Funding Required

- 28 Further funding will be required to enable the above schemes and further property investments to take place which will help to deliver the aim of 'self-sufficiency+'.
- 29 Funding options will be considered on a case by case basis and may be funded by reserves, capital receipts, internal borrowing or external borrowing. Due to current commitments it is likely that a significant proportion will come from external borrowing (PWLB 30 year annuity loan interest rate at 10/03/17 is 2.56%).
- 30 Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7.

Risks

- 31 The risks of the Property Investment Strategy are included in Appendix B. The risks were previously analysed by the Audit Committee on 9 September 2014.
- 32 The Council's Strategic Risk Register was also agreed by the Audit Committee on 27 September 2016 and the relevant category for the Property Investment Strategy is also included in Appendix B.
- 33 Property Investment is inherently more risky than leaving reserves in the bank but this has been taken to account when approving the Property Investment Strategy and setting the investment criteria.
- 34 The risks of each potential investment are considered by carrying out due diligence to include the following:

- Valuation.
- Market conditions.
- Covenant strength of tenants.
- Terms of leases.
- Structural surveys.
- Funding options.
- Future costs.

- 35 It should be recognised that there is likely to be a time when there are business reasons to dispose of assets currently owned and invest elsewhere instead.
- 36 The Scrutiny Committee set up a Property Investment Strategy Member Working Group at their meeting on 5 July 2016 and are due to report their findings at the Scrutiny Committee on 30 March 2017. Feedback will be provided to Cabinet on 20 April 2017.

Key Implications

Financial

As previously stated in this report, the proposals outlined are suggested in order to contribute to the aim of the council remaining financially self-sufficient and deliver 'self-sufficiency+'.

The Council has agreed to part-fund the Buckhurst 2 Car Park Development by external borrowing and as the council has been debt free for many years, this will be a significant change. It is expected that a significant proportion of Property Investment Strategy funding will also be provided by external borrowing. Each acquisition will be looked at on a case by case basis to ensure that the most appropriate funding method is used.

Legal Implications and Risk Assessment Statement.

Legal resources would be required to undertake legal pre-purchase due diligence for any future acquisitions. This would be undertaken either internally by the Council's Legal Team or externally and a decision would be made on a case by case basis.

A full risk analysis is included at Appendix B to this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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Value for Money and Asset Maintenance

Value for money derived from available finances when looked at in conjunction with the Treasury Management Strategy has the ability to be increased if the proposals outlined in this report are adopted.

Conclusions

In acknowledgement of the position with Government Support and the continued low returns on investment of reserves, further investment in the Property Investment Strategy will continue to support the alternative approach as indicated by the approved Corporate Plan.

Appendices

Appendix A - Property Investment Strategy

Appendix B - Property Investment Strategy - Risk Analysis

Background Papers

[Report to Council 22 July 2014 - Investment Strategy](#)

[Report to Audit Committee 9 September 2014 - Investment Strategy Risk Register](#)

Report to Council 17 February 2015 - Budget and Council Tax Setting 2015/16

Report to Council - 21 July 2015 - Property Investment Strategy

Adrian Rowbotham
Chief Finance Officer

Lesley Bowles
Chief Officer Communities and Business

Property Investment Strategy

Proposed changes to the original strategy are shown in **bold and underlined**.

1. The strategy will consist of a diversified and balanced portfolio of investment assets with regard to the following considerations.
2. Established property investment practice has evolved based on long standing markets for assets in main stream sectors such as Offices, Retail, Industrial and Residential. Investing in these traditional asset categories in a balanced fashion, allows for a lower risk investment when compared to emerging markets such as Student Accommodation, Nursing Homes and Medical Centres.
3. When considering the tenure of an asset, freehold would be preferable to leasehold. Freehold provides for greater levels of security against a leasehold asset that would effectively decrease in value over time. However assets on long leasehold basis may still be suitable for consideration.
4. Whilst properties let to only one tenant may offer an acceptable level of risk, multi-tenanted properties would be favourable as they offer the opportunity to minimise the impact of any one part of the asset being vacant due to tenant default or lease expiry. If assets are occupied by a single tenant, then detailed financial due diligence would be undertaken to ascertain their financial stability.
5. **Given the greater market knowledge of the local area, it is suggested that initial investment opportunities are restricted to those within Sevenoaks District. (It is considered that the initial phase of the Property Investment strategy has now ended so this criteria no longer applies.)**
6. Based on the above considerations and taking into account local market conditions, a suggested lot size of between £1m and £5m is recommended. This is to avoid the lower part of the local market where private high net worth individuals would be seeking to invest and also the high end, where Pension Funds and Life Assurance Funds tend to dominate.
7. Given the likely risk profile of an asset meeting the above considerations, it is suggested that an income yield of in excess of **6% 5%* (based on advice from Savills) when not borrowing or 3% net of borrowing costs** is appropriate. Opportunities should be sought that lend themselves to a potential to increase rental income than is currently being realised. **(*The income yield is calculated as an average return over 10 years).**
8. A limited number of opportunities that include the potential for development should also be considered. This approach may have the potential to deliver an additional 20-30% return on investment could be realised.

9. Where sites that are already in the ownership of the Council could be redeveloped in partnership with neighbouring sites, added value can be derived from 'marriage' of the sites. Consideration should be given to Joint Venture (JV) projects that maximise value, with priority given to those which would result in the delivery of assets meeting the investment criteria.
10. It is proposed that external specialist property investment advisors be retained on each transaction, advising on suitability having undertaken detailed pre purchase due diligence, including valuation, risk analysis and lease / title reviews.
11. Taking all of the above considerations into account, the following specific criteria are proposed:
 - i. Income Yield of 6%+5%+ when not borrowing or 3% net of borrowing costs, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment)
 - ii. Individual Properties or Portfolios
 - iii. Lot size of £1m - £5m
 - iv. Freehold / Long Leasehold
 - v. Single or Multi Tenanted
 - vi. Asset categories: Industrial, Office, Retail, Trade Counter and Private Rented Residential
 - vii. ~~Initially, geographically located within the District. (It is considered that the initial phase of the Property Investment strategy has now ended so this criteria should no longer apply.)~~
 - viii. Potential to increase rental income, through pro-active Asset Management
12. It is proposed that initially, the Strategic Asset Management and Operational Property Management of the portfolio be delivered from existing resource within the Council's Economic Development and Property Team. There will however be times when specialist external advice is needed and this work will be commissioned on an 'as required' basis, funded from the income from the assets. This approach is to be reviewed regularly, including ongoing resource requirements, as the portfolio grows.
13. Funding for the acquisition of assets should be reviewed on a case by case basis but could be derived from a number of sources:
 - Receipts from previous property disposals.

- Receipts from proposed land / property disposals in future years.
 - Reallocation of some of the funds currently held in reserves.
 - ~~Borrowing from external lenders – Bank Real Estate Finance, Annuity Funds, Pension Funds.~~
 - Borrowing from the Public Works Loan Board.
 - Borrowing from the Municipal Bonds Agency.
14. Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7.

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Property Investment Strategy - Risk Analysis

Risk	Risk Areas	Likelihood 1(low)- 5(High)	Impact 1(low)- 5(High)	Total Score	Controls
Downturn in property market	Capital value and income potential reduce for purchased assets	2	3	6	Continued monitoring of markets. Sale of Assets at a benchmarked threshold. Annual Valuation
Upturn in property market	Purchase cost of potential assets increases	4	4	16	Continued monitoring of markets. Adjusting purchase criteria to reflect market movement. Consider sales of assets for capital gain. Annual Valuation
Increase in interest rates (borrowing)	Cost of borrowing increases with detrimental impact on income	4	3	12	Ensure most competitive rate achieved if borrowing, fixed term if possible. Consider increased use of reserves to ensure loan to value ratios are acceptable.
Increase in interest rates (investment)	Lower rate of return when compared to other potential treasury management income	4	1	4	Consider revising income return criteria upwards. Consider disposal of assets for re-investment
Available opportunities	Market opportunities meeting investment criteria not available.	4	4	16	Identify opportunities early and move swiftly to acquire
Changes in Tenant Demand	Certain types of property may become less favourable with tenants.	3	3	9	Construct a varied portfolio by use, i.e. mixture of shops, offices, industrial, residential etc.
Obsolescence of Asset	Physical obsolesce in terms of building fabric	3	4	12	Ensure Full Repairing and Insuring Leases are in place via pre-purchase

	and fit out				due diligence. Have building surveys undertaken to establish condition of building.
Tenant default	Loss of rental income, increased costs incurred	2	4	8	Undertake financial due diligence of tenants pre-purchase, obtain the best possible tenant covenants. Look for guarantors or cash deposits where covenants are considered weak. Consider multi-tenanted properties in order to diversify risk. Ensure robust credit control procedures in place. Monitor tenant company performance.
Void periods	Loss of rental income, holding costs incurred - rates, utilities etc. Costs of re-letting	2	4	8	Monitoring tenancies as described above. Move quickly to appoint letting agents should a void period appear likely. Act expediently in concluding legal process of letting.
Government Legislation - Energy Performance (Minimum Energy Efficiency Standards , MEES)	From 1 st April 2018 it will be illegal for a landlord to grant a new letting of a commercial property that has an EPC of below E.	4	4	16	Undertake appropriate pre purchase due diligence to establish what the EPC rating of a property is and purchase accordingly. Identify if opportunities exist to increase the EPC rating appropriately.
Illiquidity of Property Assets	Asset identified for disposal to raise capital receipt or for reinvestment	2	4	8	Ensure that assets are kept “sale ready” in terms of documentation and information.

Staff Resources	Lack of suitably professionally qualified staff	2	3	6	Ensure that appropriately professionally qualified staff, with experience in Property Investment, are available to act on the Council's behalf.
Residential Properties - generally all of the above plus greater landlord input, more management intensive	Residential Properties generally require a more active landlord involvement, maintaining the structure and services of a property - maintenance costs and management costs are therefore higher.	3	3	9	Ensure that increased holding costs are factored into purchase valuations Appoint external professionals to manage landlord and tenant processes Ensure that tenant deposits are taken

ID	Risk	Risk Factors	Potential Effect	Links to Corporate Plan	Gross Likelihood	Gross Impact	Gross Risk Rating	Internal Controls	Net Likelihood	Net Impact	Net Risk Rating
SR 02	<p>Property Investment Strategy</p> <p>The appetite and ability to invest in appropriate opportunities in accordance with the Council's Property Investment Strategy</p> <p>Lead Officer: Adrian Rowbotham</p>	<ul style="list-style-type: none"> - Ability to seek appropriate investment opportunities - Appetite for risk within investment strategy to enable the Council to generate target returns - Ability to deliver sufficient funds to maximise the opportunities presented through the Property Investment Strategy - Appetite to prudentially borrow over the medium to long term - The cost of interest payments - Lack of capacity or skilled professionals to advise on investment and borrowing strategies - Ineffective governance processes that could result in opportunities being missed or being ineffectively scrutinised 	<ul style="list-style-type: none"> - Lack of diversity in investments - Cost of interest payments - Negative impact on budgets, reserves and the ability to deliver Council projects - Poor financial health - Unable to maintain low increases in council tax levels - Reputational damage - Poor outcome for the Audit of Accounts or Value for Money assessment and potential for increased intervention 	<ul style="list-style-type: none"> - Value for Money - High quality services - Local economy 	4 Likely	4 Serious	16 High	<ul style="list-style-type: none"> - Council approved Property Investment Strategy - Governance arrangements defined with appropriate delegations agreed - Qualified and experienced officers in post - Professional, external advisers engaged to support the development of strategies and fill skills gaps - Effective budget setting and financial monitoring processes embedded - Effective financial governance including reports to FAC, Cabinet, Audit Committee and Scrutiny Committee 	3 Possible	3 Significant	9 Medium

How likely is it to happen?

What would the impact be?

Likelihood x Impact = Risk Rating

Low Risk: Risk rating of 1 to 6

Medium Risk: Risk rating of 8 to 12

High Risk: Risk rating of 15 to 25

Likelihood	Very Likely (5)	Low (5)	Medium (10)	High (15)	High (20)	High (25)
	Likely (4)	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
	Possible (3)	Low (4)	Low (6)	Medium (9)	Medium (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	Very Unlikely (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		No Impact (1)	Minor (2)	Significant (3)	Serious (4)	Breakdown of Services (5)
		Impact				

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DEVELOPING THE CORPORATE PLAN

Policy and Performance Advisory Committee - 23 March 2017

Report of	Chief Executive
Status	For Consideration
Key Decision	No

Portfolio Holder	Cllr. Peter Fleming
Contact Officer	Lee Banks, Ext. 7161

Recommendation to Policy & Performance Advisory Committee:

Members advise on any suggestions that they wish to see the Council take forward as it develops self-sufficiency plus in its Corporate Plan.

Reason for recommendation: To ensure the views of the Advisory Committee are considered in developing the Council’s future priorities within its new Corporate Plan.

Introduction and Background

- 1 In 2010 Sevenoaks District Council approved its last Corporate Plan. As well as setting actions that the Council would take to make progress against the promises articulated by Members, it was the point at which the Council made a commitment to become financially self-sufficient.
- 2 In 2015 we achieved that aim, becoming the very first Council in the Country to fund all of its services without the need for direct funding from Government. This achievement has been recognised by many organisations, including the Council being announced as Council of the Year by the LGC Awards and the Overall Winner of The Guardian Public Sector Excellence Awards.
- 3 To provide a clear direction for the next stages in the Council’s ongoing improvement it is recommended that a new Corporate Plan is developed, with a straightforward message that is easy to understand for staff, residents, local business and other stakeholders.

Self sufficiency plus

- 4 Having delivered a self-sufficient budget position and a balanced 10 year budget for the sixth year the Council has strong foundations to continue to deliver the high quality services that our customers want in to the long term.

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- 5 The Property Investment Strategy has the ability to further enhance the Council's position by generating new sources of income over the budget planning period and beyond.
- 6 This potential allows the Council to explore what more it could do to enhance the level of service delivered by public sector organisations working across our District.
- 7 Through the West Kent Integration Board discussions with the County Council will enable a direct contribution to be made to shape aspects of spending on public health in the District. Other opportunities continue to be explore in areas such as community safety and highways.
- 8 The Council is already innovating with its disabled facilities grant service. Working directly to assist residents to return home from hospital more rapidly, helping to free up valuable bed space and improving the health of our residents.
- 9 At this meeting of the Advisory Committee Members are requested to explore further the idea of self sufficiency plus and bring forward other areas where they feel that the Council can contribute to improve the quality of services across our District.

Other Options Considered and/or Rejected

- 10 None.

Key Implications

Financial

- 11 Any ideas set out by Members for inclusion in the Corporate Plan will be assessed to determine their financial viability.

Legal Implications and Risk Assessment Statement

- 12 Any ideas set out by Members for inclusion in the Corporate Plan will be reviewed to ensure that there are no legal reasons why the Council would be unable to take them forward. Each area will be assessed to ensure the Council is well informed about the level of risk any idea could create.

Equality Assessment

- 13 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 14 Developing a new Corporate Plan provides the Council an opportunity to explore how its unique position of being financially self-sufficient can deliver

increased benefits to the residents and businesses of the District. Members are asked to contribute their own ideas through the Advisory Committee meeting.

Appendices

None

Background Papers

Corporate Plan

http://www.sevenoaks.gov.uk/__data/assets/pdf_file/0019/113707/Corporate-Plan.pdf

**Dr Pav Ramewal
Chief Executive**

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Policy & Performance Advisory Committee Work Plan 2016/17 (as at 28/02/2017)

23 March 2017	25 May 2017	5 October 2017	30 November 2016
Draft Corporate Plan	Annual Complaints Report - 2016/17	Review of service dashboards and service Change Impact Assessments (SCIAs)	Draft Corporate Plan

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