

Item 13 - Property Investment Strategy Update

The attached report was considered by the Finance Advisory Committee on 29 January 2019. The relevant Minute extract is below.

Finance Advisory Committee (29 January 2019, Minute 51)

The Chief Finance Officer presented the report which provided an update on the progress of the Property Investment Strategy to date including acquisitions, and provided the opportunity to review the criteria of the strategy.

Members took the opportunity to ask questions of clarification concerning acquisitions and considered the suggested amendments to the Strategy as outlined in paragraph 43 of the report. Each recommended amendment was discussed. In principle the suggested amendment to 'iii. Individual Properties or Portfolios / Lot size of £1m - £5m' was welcomed but there was concern around the drafting/interpretation of a 'portfolio of properties' and the potential abuse or restrictiveness of the suggested amendment. Members requested that Officers draft wording for Members to consider and feedback to Cabinet as an update report from the Chairman. The 50 mile radius rule was further explored with a suggestion of different investment strategies and returns within or outside of the District, and whether the 50 mile rule was required.

Action 2: Officers circulate new draft wording for criteria (iii) to Advisory Committee members for comment.

Public Sector Equality Duty

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

Resolved: That

- a) the report be noted; and
- b) it forward the following comments to Cabinet regarding the potential amendments to the Property Investment Strategy as outlined in paragraph 43
 - i. Support amending the income yield to 3%+ above the Council's average treasury management return (currently 0.7%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 2.6% for 30 years) when externally borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment);
 - ii. Support amending the lot size to £1m - £10m subject to some suggested alternative wording;

- iii. Not support changing the lot size limit to individual properties within a portfolio as this would be partly accounted for by ii above; and
- iv. Support keeping investment opportunities restricted to those within a 50 mile radius of the Council's Argyle Road offices however, recognising that this may need to be changed in future if legislation is amended.