

Item 6(b) - Property Investment Strategy Update

The attached report was considered by the Cabinet on 14 February 2019, and the relevant minute extract is below:

Cabinet (14 February 2019, Minute 77)

The Head of Finance 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.

Cllr Eyre addressed Cabinet as he had chaired the meeting of the Finance Advisory Committee which had considered the same report and had agreed to recommend it to Cabinet subject to some amendments outlined in the minutes, and that since the meeting he had received feedback on draft wording for criteria 'iii' and it was suggested that this should be amended to 'Lot size of £1m - £10m but there must be multiple tenants for lots of over £5m.'

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) the following amendments to the Property Investment Strategy be recommended to Council
 - i. 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. amending the lot size to £1m - £10m subject to multiple tenants for lots over £5m;
- iii. investment opportunities be restricted to those within a 50 mile radius of the Council's Argyle Road offices or within Kent and Medway, however recognising that this may need to be changed in future if legislation is amended.