

Finance, Performance and Resources Select Committee 18 June 2019

Agenda Item	Page No
<p>9 PROPERTY PROJECTS AND INVESTMENT PORTFOLIO REVIEW The Committee will receive an update on progress of the Local Asset Strategic Review (LASR), town centre regeneration and the One Public Estate programmes.</p> <p>In addition, Members will receive an overview of the Council's current Property Investment Portfolio, insight into how this is managed and the aspirations to further increasing the portfolio.</p> <p>Contributors: Mr John Chilver, Cabinet Member for Resources Mr John Reed, Director of Property and Assets Ms Jo West, Asset Manager – Strategy & Major Projects</p>	3 - 14

Property & Assets Update

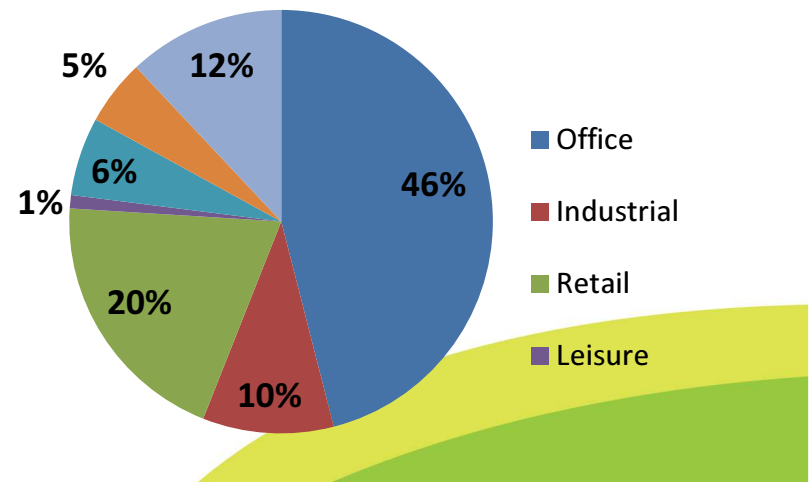
John Reed
Director of Property

Summary

- Total Portfolio value at March 2019: **£1.03bn** (Corporate Estate plus Investment Portfolio)
- Budgeted rental income for 2019/2020 :
 - Corporate Estate = £233,260 (budgeted figure for 2019/2020)
 - Agricultural Estate = £750,000 (budgeted figure for 2019/2020)
 - Investment Portfolio = £9,010,148 (current passing rent)
 - **TOTAL = £9,993,408**
- Future MTFP targets:
 - Increase rental income target by £550k per year from 2020/2021
 - Capital receipts target of £5.63m for 2019/2020

Investment portfolio income comes from a blended mix of properties including retail, offices, industrial and agricultural:

In recent times the Council has looked to adopt the Corporate Landlord model



Investment portfolio

The aim of the Investment Portfolio is to create an income-generating investment portfolio that:

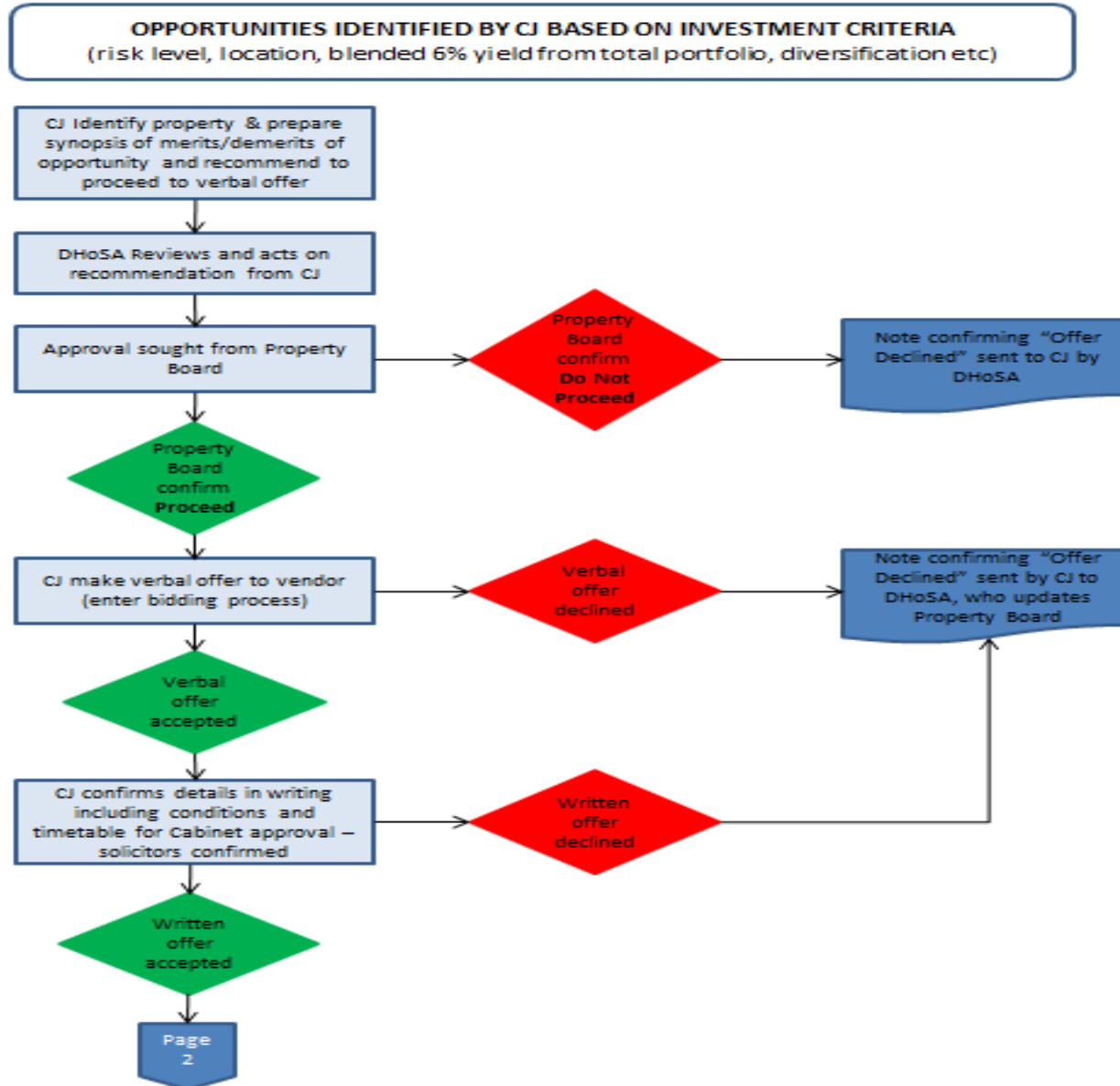
- improves BCC's financial security for service provision
- provides a greater return than investing in Government bonds and/or interest earned on cash reserves held in bank accounts.
- offer a higher yielding and less volatile investment medium than equities traded on the stock market.
- yields a minimum of gross 6% return on investment (excluding finance costs (2.2%) and MRP (2.5%))

It will create a self sustaining authority in Bucks following Government's withdrawal of grant funding.



Acquisitions – Governance (Page 1 of 2)

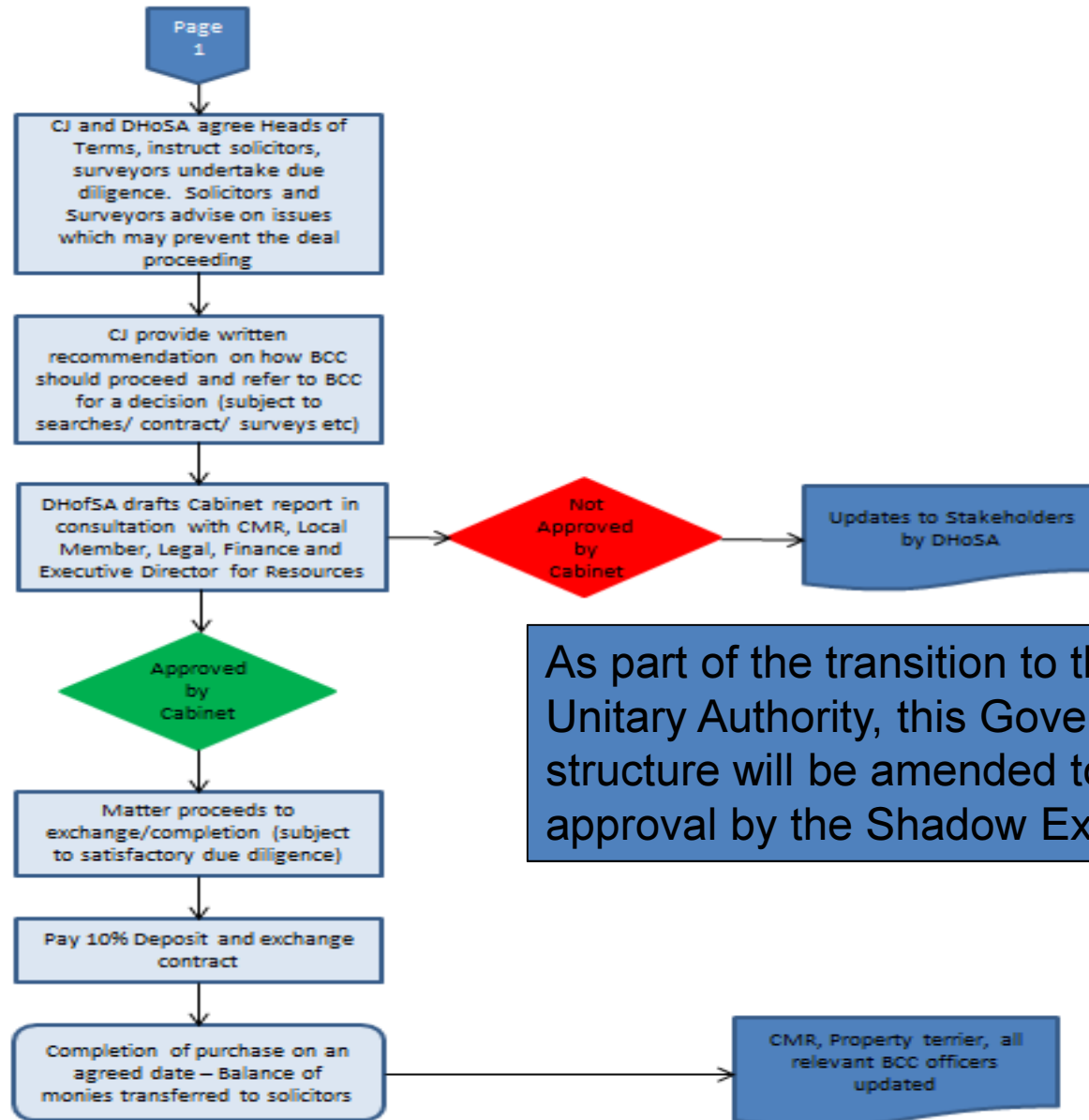
BCC Investment Commercial Property Governance



9



Acquisitions – Governance (Page 2 of 2)



As part of the transition to the new Unitary Authority, this Governance structure will be amended to include approval by the Shadow Executive



7

Disposals/Capital Receipts

Actual receipts 2018/2019:

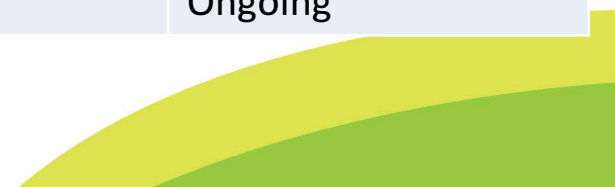
Site	Amount	Type
Princes Risborough Depot	£100,000	Balance Payment
13/15 West Wycombe Road, High Wycombe	£240,000	Disposal
21 West Wycombe Road, High Wycombe	£206,000	Disposal
Denham Tendercare	£1,015,000	Overage
Langley Mansion	£283,000	Lease premium
Littleton Manor Farm	£217,000	Overage
Little Acres	£42,000	Overage
Land at Whielden Lane Amersham	£7,000	Disposal
Total	£2,110,000	

One Public Estate (OPE)

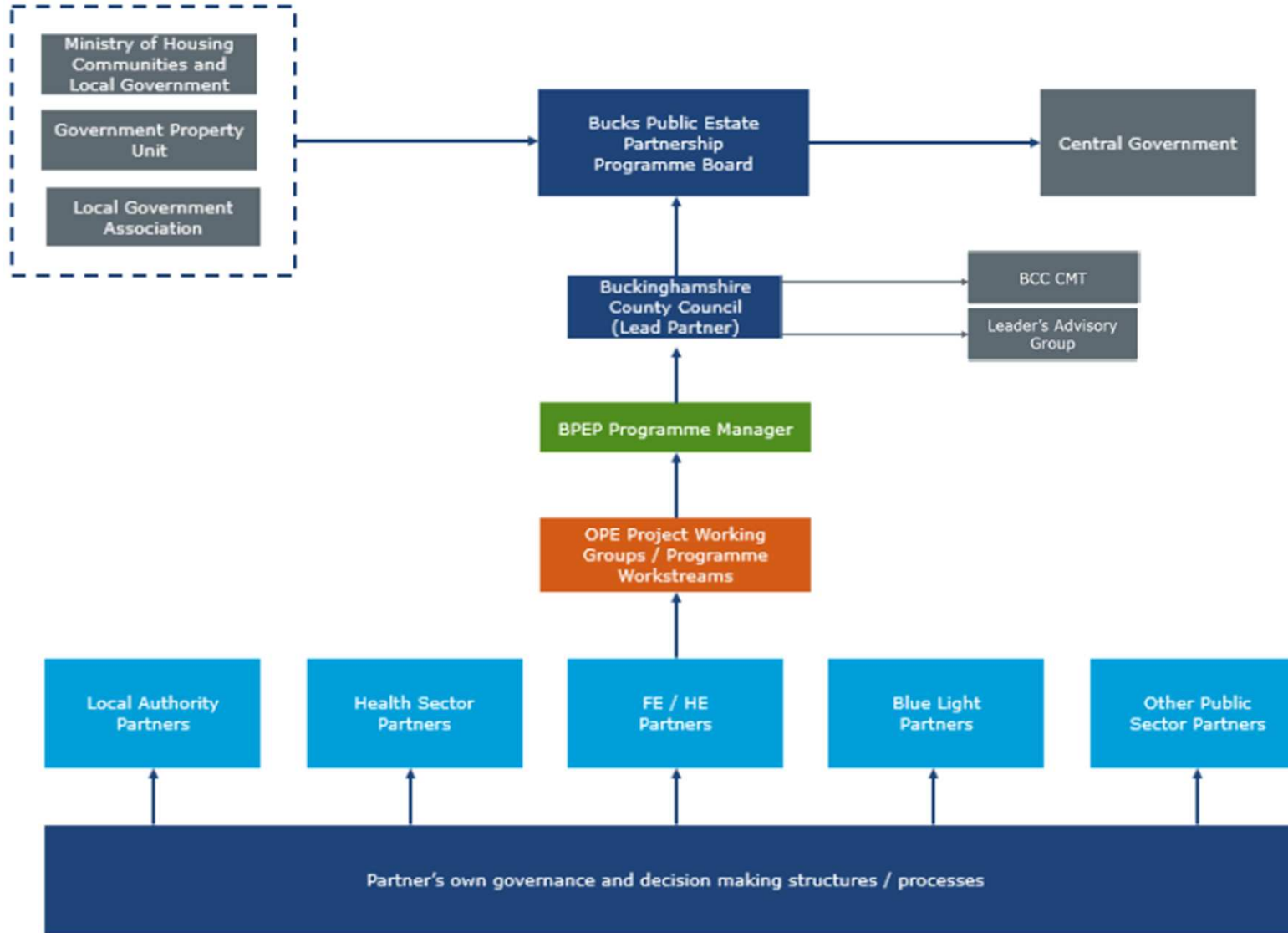
Income: Total LGA awards of £670,000 of grant funding and £165,000 of repayable loan.

Spending: This money has been used to fund external Programme Management and to fund preparatory work for 7 projects which have cross public sector working groups.

Project	Award	Funding year
The Winslow Centre	£105,000	2017/2018
Wycombe & Amersham Hospital (NHS led project)	£90,000	2017/2018
Verney Close, Buckingham	£75,000	2018/2019
Green Street Hub	£45,000	2018/2019
Stoke Mandeville Hospital (NHS led project)	£165,000	2019/2020
North Bucks Medical Centre (NHS led project)	£65,000	2019/2020
Bourne End Community & Medical Centre	£80,000	2019/2020
Programme Management	£210,000	Ongoing



One Public Estate (OPE): Governance



Location & Asset Strategic Review

The review was undertaken in 2016 by consultants Carter Jonas and highlighted a number of potential projects that require further development. Property Board approved the first 9 projects in November 2018 and approved £100,000 to pump prime preparatory work. To date £15,076 has been committed and £4,135,191 capital receipt has been identified.

Project Name	Revenue pa	Expected revenue start date	Net Capital Receipt	Expected capital receipt
Land at Horns Lane	-	-	£2,635,441	20/21
193-195 Hughenden Rd	£3,500	19/20		-
Tilehouse			£600,000	20/21
1&2 Croft House	-	-		-
Station Rd, Winslow	-	-	£12,000	19/20
Chalfont St Peter	-	-		-
Cublington Spinney	-	-		-
Caretakers Bungalow (Chiltern)			£902,750	20/21
Caretakers House (Wycombe)	-	-		-
	£ 3,500.00		£4,135,191	

The next projects have been identified and work will commence once Property Board have approved them.



LASR - governance

The overall portfolio of projects is analysed and individual projects are identified by the Programme Manager with reference to the prioritization criteria identified by CMT i.e.

- Tackle key financial pressures by leading to revenue reductions and/or income generation (e.g. Children's placements);
- Generate capital receipts;
- Time critical in terms of commitments made / MTP approved proposals (e.g. Adult Education sites);
- Align with key priorities / new statutory responsibilities (as stipulated within BU plans / Strategic Plan);
- Be a quick win and not be politically sensitive;
- Lead to economic growth / align to growth strategy;
- Help with the integration agenda with other public sector partners (e.g. health).

Property Board review the proposed projects which are then progressed by the Programme Manager to assess feasibility before returning to Property Board with a business case.



2019/20 Property Revenue and Capital Budgets

2019/20 Revenue Budget, as per MTFP 2019-2023

	£k		
	Expenditure	Income	NET
Property Leadership & Portfolio Office	580	0	580
Agricultural Estate	38	-750	-713
Strategic Assets	3,491	-539	2,952
Investment Properties	693	-9,614	-8,921
Facilities Management	2,591	-302	2,288
Building Surveying and Maintenance	2,534	-22	2,512
Health & Safety	240	-84	157
Strategic Programmes	334	0	334
TOTAL	10,501	-11,311	-810

2019/20 Capital Project Budgets

	Spend to Date	TOTAL Budget	o/w Released	o/w Unreleased
Agricultural Estate	20	767	737	30
Property Maintenance Programme	145	1,087	1,087	0
NCO Fire-stopping/Compartmentation	12	107	107	0
Conversion Old Wycombe Library	-71	1,511	1,511	0
Retasking of Winslow Centre	15	1,182	884	298
Aylesbury Study Centre	0	1,200	40	1,160
Cressex Synthetic Pitch	-4	0	0	0
TOTAL	117	5,854	4,366	1,488



Unitary workstream

There are six workstreams within the property

- Facilities Management
- Reactive & Planned Maintenance
- Property Management Software
- Capital & Regeneration Projects
- Asset Management
- Car parking

