

Proposal to Establish a Commercial Income Generation Fund

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Purpose of the Report

1. The purpose of this report is to ringfence a capital sum to purchase property, land, and renewables as part of agreeing the revised capital programme for 2017/18 to 2021/22.

Forward Plan

2. This report appeared on the District Executive Forward Plan for April 2017.

Public Interest

3. This report requests that £15 million is ring fenced within the capital programme to purchase property, land and renewables to generate income.

Recommendations

4. That District Executive request full Council approve the following recommendations:-
 - a) To approve the ringfencing of £10,000,000 within the Capital Programme for a Property Investment and Development Project Fund;
 - b) To approve the ringfencing of £5,000,000 within the Capital Programme for a Renewables Project Fund;
 - c) To note that the findings of The Strategic Commercial Land and Property Project will be reported to District Executive for approval no later than July 2017.

Background

5. A request was made to District Executive in January 2017 for funding for a Commercial Land and Property Project. Approving and allocating capital spend has been delayed pending the approval of the Council Plan Action Plan for 2017/18. Capital Projects for approval have now been included in this agenda along with the new plan. As part of the Council's financial planning a sum is being requested now for commercial income generation as part of the new capital programme.

Report

6. South Somerset District Council is ambitious for its communities but needs to save cost and generate additional income over the next four years, if it is to be financially sustainable and be able to continue to meet community needs. To this end, an Income Generation Programme has been established to support the Council in becoming financially sustainable.

7. A number of local authorities have been successful in generating significant net additional income through the implementation of strategic and commercial approaches to land and property including renewables, acquisition of commercial property and housing and the direct development of land by the council.
8. Such approaches have been underpinned by a robust strategy and the necessary implementation arrangements, such as officers with the right knowledge and skills together with appropriate governance arrangements, to ensure an agile, commercial approach that manages risk and provides the accountability required for public funding.
9. South Somerset District Council approved its' Land and Property Asset Management Strategy in 2014 and this is due to be refreshed and updated in 2017. The Strategic Commercial Land and Property Project findings due by the end of June 2017 will feed into and inform the above wider Asset Management Strategy review when undertaken during 2017.
10. The request to ringfence funds at this stage is to ensure that the capital programme reflects this approach and that the funds are available once the criteria for spend is approved.

Financial Implications

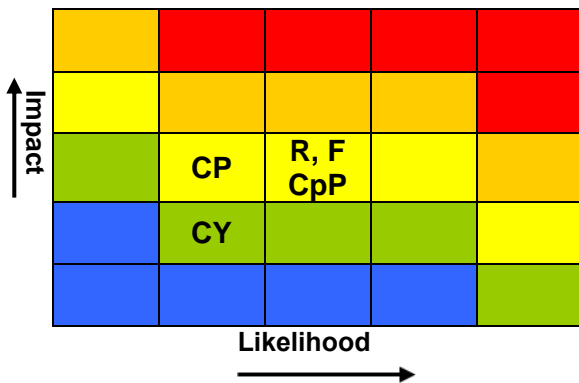
11. The request for £15,000,000 to be "earmarked" at this stage enables the overall capital programme to be set and financed in the most efficient way possible.
12. It is expected that acquisitions will generate an income well in excess of the costs of borrowing.
13. Any emerging projects can be approved through current governance until new procedures have been agreed. This would be through a "spend to save" capital bid via District Executive and possibly full Council or through an urgent decision by the Chief Executive if necessary.

Risk Matrix

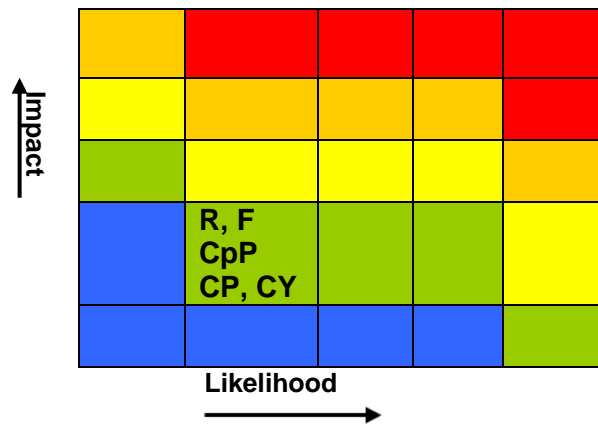
14. The risk matrix shows risk relating to the Corporate Plan headings.
 - a) The first risk matrix identifies the risks associated with not approving the recommendations of the report.
 - b) The second risk matrix identifies the risks associated with taking the decision set out in the report as per the recommendation(s). Should there be any proposal to amend the recommendation(s) by members or officers at the meeting then the impact on the matrix and the risks identified must be considered prior to the vote on the recommendation(s) taking place.
 - c) If District Executive does not approve the recommendations then our long term exposure to financial and reputational risk will increase, whilst our ability to deliver against the corporate plan objectives diminish. The risks generally increase accordingly.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

- Income Generation
- Regeneration
- Corporate Land and Property Management
- SSDC Housing Development - To work with partners to enable the provision of housing that meets the future and existing needs of residents and employers
- High Quality Cost Effective Services
- Economy – to promote a strong economy with thriving urban and rural businesses

Carbon Emissions and Climate Change Implications

There are no current implications associated with this report.

Equality and Diversity Implications

There are no implications immediately associated with this report.

Privacy Impact Assessment

None associated with this report

Background Papers

- Strategic Commercial Land and Property Project January 2017
- Medium Term Financial Strategy February 2017