

Public Agenda Pack



Notice of Meeting of

PROPERTY AND INVESTMENTS EXECUTIVE SUB-COMMITTEE

Thursday, 21 December 2023 at 2.30 pm

JMR, The Deane House, Taunton, TA1 1HE

To: The members of the Property and Investments Executive Sub-Committee

Chair: Councillor Bill Revans

Councillor Liz Leyshon

Councillor Mike Rigby

Councillor Ros Wyke

Councillor Sarah Wakefield

For further information about the meeting, including how to join the meeting virtually, please contact democratic@somerset.gov.uk.

All members of the public are welcome to attend our meetings and ask questions or make a statement **by giving advance notice** in writing or by e-mail to the Monitoring Officer at email: democraticservicesteam@somerset.gov.uk by **5pm on Date Not Specified**.

This meeting will be open to the public and press, subject to the passing of any resolution under the Local Government Act 1972, Schedule 12A: Access to Information.

The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on 13 December 2023

AGENDA

**Property and Investments Executive Sub-Committee - 2.30 pm Thursday, 21
December 2023**

Public Guidance Notes contained in Agenda Annexe 5 - 6

Click here to join the online meeting 7 - 8

1 Apologies for Absence

To receive any apologies for absence.

2 Declarations of Interest

To receive and note any declarations of interests in respect of any matters included on the agenda for consideration at this meeting.

(The other registrable interests of Councillors of Somerset Council, arising from membership of City, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes: [City, Town & Parish Twin Hatters - Somerset Councillors 2023](#))

3 Public Question Time

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three-minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

4 Operation of the Sub-Committee (Pages 9 - 20)

To consider this report.

5 Non-Treasury Management Investment Assets Strategy Update

To receive a verbal update.

Exclusion of the Press and Public

PLEASE NOTE: Although the main report for this item not confidential, supporting appendices available to Members contain exempt information and are therefore marked confidential – not for publication. At any point if Members wish to discuss information within this appendix then the Council will be asked to agree the following resolution to exclude the press and public:

Exclusion of the Press and Public

To consider passing a resolution having been duly proposed and seconded under Schedule 12A of the Local Government Act 1972 to exclude the press and public from the meeting, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, within the meaning of Schedule 12A to the Local Government Act 1972:

Reason: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

PLEASE NOTE - hybrid joining option ends - any members who wish to observe or participate in agenda item 6 will need to be physically present in the meeting room

6 Investment Assets Disposal (Pages 21 - 28)

To consider the Confidential Appendix C.

Guidance notes for the meeting

Council Public Meetings

The legislation that governs Council meetings requires that committee meetings are held face-to-face. The requirement is for members of the committee and key supporting officers (report authors and statutory officers) to attend in person, along with some provision for any public speakers. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

They can also be accessed via the council's website on [Committee structure - Modern Council \(somerset.gov.uk\)](#)

Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: [Code of Conduct](#)

Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting.

Public Question Time

If you wish to speak or ask a question about any matter on the Committee's agenda please contact Democratic Services by 5pm providing 3 clear working days before the meeting. (for example, for a meeting being held on a Wednesday, the deadline will be 5pm on the Thursday prior to the meeting) Email democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out, or alternatively can attend the meeting online.

A 20-minute time slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. Each speaker will have 3 minutes to address the committee.

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish. If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

Meeting Etiquette for participants

Only speak when invited to do so by the Chair.

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

Speak clearly (if you are not using video then please state your name)

If you're referring to a specific page, mention the page number.

There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

Exclusion of Press & Public

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed.

Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording, and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting.

Microsoft Teams meeting

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[+44 1823 772277,,558576875#](#) United Kingdom, Taunton

Phone Conference ID: 558 576 875#

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Decision Report – Property & Commercial Executive Sub-Committee

Decision Date – 21 December 2023

Key Decision – no



Operation of the Property & Commercial Executive Sub-Committee

Executive Member(s): Lead Member for Economic Development, Planning & Assets

Lead Officer: Oliver Woodhams, Strategic Asset Management Service Director

Author: Robert Orrett

Contact Details: Robert.Orrett@somerset.gov.uk

Summary / Background

1. The Property & Commercial Executive Sub-Committee was approved to be established by the Executive on 6th November 2023.
2. The Terms of Reference were set out in Appendix 1 of the report to the Executive.
3. The role of the Sub-Committee is to ensure the Council has appropriate governance arrangements in place to protect and maintain the value of the Council's non-treasury and commercial investments, and to deal with real and personal property disposals or acquisitions and other matters within the scope of the Non-Treasury Management Investment Strategy (the Strategy).

Recommendations

3. That the Property & Commercial Executive Sub-Committee:
 - a. To note the Terms of Reference for the Sub-Committee (Appendix A)
 - b. To agree that the Sub-Committee should meet on the following dates:
 - i) 5 February 2024
 - ii) 15 April 2024then quarterly on dates to follow in
 - iii) July 2024
 - iv) October 2024

- v) January 2025
- vi) April 2025

- c. To confirm the schedule of assets in Appendix B as being the scope of the Non-treasury Commercial Asset Portfolio.
- d. To note the decision route for revising the Non-Treasury investment assets strategy.
The strategy will be updated as a component within the overall budget setting process. It will be reviewed by this Sub-Committee, Corporate & Resources Scrutiny Committee, Audit Committee and Executive prior to decision by Full Council on 29th February.
- e. To exclude the press and public from the meeting where there is any discussion at the meeting regarding exempt or confidential information (as set out in Appendix C);
- f. That Appendix C be regarded as exempt information and be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

Reasons for recommendations

- 4. The Terms of Reference for the Property and Commercial Sub-Committee were agreed by Somerset Council Executive on 8th November.
- 5. The schedule of assets in Appendix B shows the intended extent of the non-treasury and commercial investments assets comprising the Portfolio the Sub-Committee is responsible for. This is for the avoidance of doubt as there are Non-Treasury Service Investments within the Strategy, and other assets owned by Somerset Council which are categorised for accounting purposes as investment property, but are intended to be outside the responsibility of the Sub-Committee.
- 6. The Non-Treasury Investment Strategy is the primary policy document for the work by the Property & Commercial Executive Sub-Committee. It is reviewed and approved annually within the packages of work delivered in preparation for setting the Council's budget.

Other options considered

7. Including a greater extent of investment property assets was considered but rejected. The category of the assets under the Prudential Code as 'held primarily for yield' is discrete; their financial scale is important in terms of potential impact on the council's finances; and this approach is consistent with the service delivery organisation within the Strategic Asset Management service.

Links to Council Plan and Medium-Term Financial Plan

8. These arrangements form part of the steps being taken to deliver the Council Plan and to.

Financial and Risk Implications

10. Future meetings of the Property & Investment Executive Sub-Committee will receive reports on the risks associated with the investment property portfolio and will review and monitor the performance of the appointed advisors.

Legal Implications

12. There are no immediate Legal implications beyond the professional activities required when transacting on lease revision matters or disposals and acquisitions.

HR Implications

13. There are no immediate HR implications.

Other Implications:

Equalities Implications

14. There are no direct equalities implications.

Community Safety Implications

15. There are no direct Community Safety implications.

Climate Change and Sustainability Implications

16. There are no direct Climate Change and Sustainability implications.

Health and Safety Implications

17. There are no direct Health and Safety implications.

Social Value

18. There are no direct Social Value implications.

Scrutiny comments / recommendations:

19. The Task & Finish Group set up to scrutinise the plans for the disposal of the commercial investment portfolio met three times during October and November and a report of their findings is being developed and will be circulated to this sub-committee prior to the next meeting.

Background

20. The Council's Medium-Term Financial Strategy (MTFS) provides a strategic financial framework and a forward-looking approach to achieving financial sustainability and was approved in July 2023. Various measures are in hand to address the predicted shortfall between the resources available and the cost of current service. Amongst the range of actions being taken to close the forecast budget gap is a review of the commercial investment portfolio and establishing of a disposal programme. This was explained in particular at paragraphs 53-54 of the Financial Strategy Update report to the Executive on 8 November 2023, which recommended that the decision be made to dispose of the commercial investment portfolio, to delegate the appointment of external agents to Director of Strategic Asset Management and to ensure the disposal programme is overseen by a Property & Investment Executive sub-committee.
21. In addition, the proper management of these investments pending any disposals is crucial to the financial wellbeing of the Council. The anticipated volume of work and level of business scrutiny required would be a significant addition to an already busy Executive agenda, so the establishment of an

Executive Sub-Committee with delegated powers to oversee this work was approved as a sensible and prudent approach.

22. The terms of reference for this executive sub-committee are set out in Appendix A and will be incorporated into the Council's Constitution and reported for information to the next meeting of Council on 20 December 2023.
23. As an executive sub-committee, the Property and Investments Sub-Committee will meet in accordance with the executive procedure rules and meeting arrangements set out in the Constitution. Public question time arrangements for executive sub-committees are the same as for Executive meetings, i.e. members of the public may address the sub-committee at their meetings, ask questions, or present a petition provided notice of the intention has been given to the relevant Committee Administrator in the Democratic Services Team in writing by 12 noon three clear working days before a meeting. The Chair of the relevant sub-committee has the discretion to vary these arrangements.
24. As this is the first meeting of the Property and Investments Sub-Committee, the agenda includes items which are recommended to assist with clarity of purpose and setting the future programme expectations of the Sub-Committee.

Background Papers

[Financial Strategy agreed by Executive on 8th November Item 8.](#)

Appendices

- Appendix A: Terms of Reference of the Property and Investments Executive Sub-Committee
- Appendix B: List of property constituting the Investment Portfolio

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	12/12/2023
Communications	Peter Elliott	8/12/2023
Finance & Procurement	Jason Vaughan	11/12/2023
Workforce	Alyn Jones	8/12/2023
Asset Management	Oliver Woodhams	8/12/2023
Executive Director / Senior Manager	Oliver Woodhams	8/12/2023
Strategy & Performance	Alyn Jones	8/12/2023
Executive Lead Member	Cllr Ros Wyke	11/12/2023
Consulted:	Councillor Name	
Local Division Members	N/A	N/A
Opposition Spokesperson - for information	Cllr Mark Healey for Prosperity, Assets and Development	12/12/2023
Scrutiny Chair - for information	Cllr Bob Filmer - Scrutiny Committee - Corporate & Resources	12/12/2023

Property and Investments Sub-Committee – terms of reference

Membership and meeting arrangements

1. The Sub-Committee takes decisions on behalf of the Executive in terms of commercial property and investments in accordance with the Council's plans, policies, strategies and procedures, including in particular the Non-Treasury Management Investment Strategy (the Strategy) and Financial Regulations.
2. The sub-committee will be made up of 4 members drawn from the Executive as follows:
 - Leader of the Council
 - Lead Member for Resources and Performance (Deputy Leader)
 - Lead Member for Economic Development, Planning and Assets
 - Lead Member for Transport and Digital
 - Along with the Associate Lead Member for Commercial Investment and Risk (as a non-voting co-opted member)
 - Any substitute members must be from the Executive.
3. The quorum shall be 3 members.
4. The Chair will be the Leader (or the Council or Deputy Leader in the Leaders absence).
5. In the absence of the Chair, the Lead Member for Resources and Performance will chair the meeting and another member of the Committee will be appointed if they are absent.
6. The sub-committee will meet as and when required and be governed by the Executive Procedure Rules.
7. The sub-committee will report annually to the Executive.

Functions

1. The Sub-Committee will be responsible for advising the Executive and Council in respect of any strategy, policy or other arrangements required to ensure the Council has appropriate governance arrangements in place to protect and maintain the value of the Council's non-treasury and commercial investments (the Portfolio) and providing assurance that those arrangements, including in particular the management of risk, are operating properly and to the benefit of the Council.
2. The Sub-Committee will be responsible for all decisions relating to the Portfolio.
3. The Sub-Committee will meet as and when required to deal with real and personal property disposals or acquisitions and other matters within the scope of the Strategy.

Commercial Investment Property

4. The Sub-Committee will be responsible for establishing, maintaining and monitoring arrangements to ensure that the routine management of tenancies and licences within the Portfolio, is handled in a robust and agile manner and delegated appropriately and that adequate financial provision is made to meet the Council's responsibilities under such tenancies and licences. This includes, but is not limited to:

- The grant, variation, extension, renewal or termination of leases;
- The grant, variation, extension, renewal or termination of new licences;
- The conduct and agreement of all rent reviews, including the award of rent free periods;
- The grant, variation, extension, renewal or termination of easements and wayleaves;
- Agreement to changes of use;
- The agreement of compensation claims where budgetary provision has already been made.

Companies

5. The Sub-Committee will be responsible for establishing, maintaining and monitoring arrangements to ensure that the arrangements in place for any joint ventures within the Portfolio are properly established, maintained and monitored. This includes, but is not limited to, arrangements for:

The appointment and removal of Council appointed directors;

The appointment and removal of observers;

Granting or refusing consent for matters requiring the Council's consent as shareholder.

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Property Identifier	Postal Address	Postal Town	Postcode	County	Sector	Tenure
Wickes Extra	Tameside Park	Birmingham	B42 2ET	Birmingham City	Retail	Freehold
Lyndon Place	2096 Coventry Road, Sheldon	Birmingham	B26 3YU	Birmingham City	Other	Freehold
54 Willis Way, Poole	54 Willis Way	Poole	BH15 3SY	Bournemouth Christchurch and Poole	Other	Freehold
The Ralph	Globe Business Park, Fourth Avenue	Marlow	SL7 1YG	Buckinghamshire	Other	Freehold
Audi, Cardiff	Wagtail Close	Cardiff	CF23 8RT	Cardiff	Other	Freehold
430 Bristol Business Park	Coldharbour Lane	Bristol	BS16 1EJ	City of Bristol	Office	Freehold
Applegreen Petrol Filling Station, Bristol	Gloucester Road, Horfield	Bristol	BS7 8NL	City of Bristol	Other	Freehold
600-650 Aztec West, Bristol	600-650 Aztec West	Bristol	BS32 4SD	City of Bristol	Office	Freehold
Boots, Truro	93/94 Pydar Street	Truro	TR1 2BD	Cornwall	Retail	Freehold
Cornwall Food Production Unit	Barncoose Industrial Estate, Barncoose	Redruth	TR15 3RQ	Cornwall	Industrial	Freehold
Centurion Mill	Kestrel Way, Sowton Industrial Estate	Exeter	EX2 7LA	Devon	Industrial	Freehold
Howmet Ltd, Sowton, Exeter	Sowton, Exeter	Exeter	EX2 7LB	Devon	Industrial	Freehold
D1 Christchurch Business Park	Radar Way	Christchurch	BH23 4FL	Dorset	Industrial	Freehold
Fenick House	Lister Way	Glasgow	G72 0FT	Glasgow	Office	Freehold
730 Aztec West	Waterside Drive	Bristol	BS32 4UE	Gloucester	Office	Freehold
Units 1 and 2 Barnwood Industrial Estate	Barnwood	Gloucester	GL4 3RT	Gloucester	Industrial	Freehold
Alchemy	Alchemy House, Bessemer Road	Welwyn Garden City	AL7 1HE	Hertfordshire	Office	Freehold
Reflex Group, Barwell	29 Moat Way	Barwell	LE9 8EY	Leicestershire	Industrial	Freehold
Bell House	Seebeck Place, Knowlhill	Milton Keynes	MK5 8FR	Milton Keynes	Office	Freehold
Unit 1 New House Farm Industrial Estate	Mathern	Chepstow	NP16 6UD	Monmouthshire	Industrial	Freehold
Imperial House	Imperial Way, Coedkernew	Newport	NP10 8UH	Newport City	Office	Freehold
Reevesland Industrial Estate	Caswell Way, Reevesland Industrial Estate	Newport	NP19 4YH	Newport City	Industrial	Freehold
North Shields Retail Park	Norham Road	North Shields	NE29 7UJ	North Tyneside	Retail	Freehold
Unit 2B Commerce Park	Commerce Park	Frome	BA11 2FB	Somerset	Industrial	Freehold
Wilko, Yeovil	88-92 Middle Street	Yeovil	BA20 1LT	Somerset	Retail	Freehold
B&Q Glastonbury	Wirrall Park, Wirrall Park Road	Glastonbury	BA6 9XE	Somerset	Retail	Freehold
Unit 1, Dunball Industrial Estate	Trelleborg, Dunball Industrial Estate, Dunball	Bridgwater	TA6 4TP	Somerset	Industrial	Freehold
St John's Retail Park	Priory Way	Taunton	TA1 2BB	Somerset	Retail	Freehold
M&S, Yeovil	5 Middle Street	Yeovil	BA20 1LE	Somerset	Retail	Freehold
Trafalgar House	Cornishway North, Galmington Trading Estate	Taunton	TA1 5LY	Somerset	Industrial	Freehold
Street Retail Park	Gravenchon Way	Street	BA16 0GX	Somerset	Retail	Freehold
Costa Coffee	Wirrall Park, Wirrall Park Road	Glastonbury	BA6 9XE	Somerset	Retail	Freehold
The Leggar Retail Park	The Leggar	Bridgwater	TA6 4AF	Somerset	Retail	Freehold
B&Q, Heathfield Rd	Heathfield Road	Ayr	KA8 9TB	South Ayrshire	Retail	Freehold
Steelite, Stoke on Trent	Newcastle Street	Stoke-On-Trent	ST6 3RB	Stoke-on-Trent	Industrial	Freehold
DFS, Swindon	Wootton Bassett Road	Swindon	SN5 8WF	Swindon	Retail	Freehold
JLR, Stockton-on-Tees	Concord Way	Stockton On Tees	TS18 3RB	Teeside	Other	Freehold
Reflex Group, Ossett	Smith Way	Ossett	WF5 9JZ	West Yorkshire	Industrial	Freehold
The Range, Pellon Lane	Pellon Lane	Halifax	HX1 5QE	West Yorkshire	Retail	Freehold
27-29 Sherwood Road	27-29 Sherwood Road	Bromsgrove	B60 3DR	Worcestershire	Industrial	Freehold
TK Maxx, Worcester	48-50 High Street	Worcester	WR1 2QB	Worcestershire	Retail	Freehold
The Square car park	Richmond Hill	Bournemouth	BH2 6EJ	Dorset	Other	Leasehold
One Quinton Business Park	The Ridgeway	Birmingham	B32 1AF	Birmingham City	Office	Leasehold
King William House	13 Queen Square	Bristol	BS1 4NT	City of Bristol	Office	Leasehold

Fermentation Building	Hawkins Lane, Redcliffe	Bristol	BS1 6bx	City of Bristol	Office	Leasehold
Jacobs Building (ex. Linden House)	23 Berkeley Place	Bristol	BS8 1EH	City of Bristol	Office	Leasehold
Faringdon Retail Park, Phase II	Henry Blake Way	Faringdon	SN7 7GQ	Oxfordshire	Other	Leasehold
The Clink Retail Park	The Leggar	Bridgwater	TA6 4AF	Somerset	Retail	Leasehold

Battery Energy Storage Schemes

Scheme Identifier	Postal Address	Postal Town	Postcode	Capacity (MW)	Loan amount	Estimated loan balances at 31/3/23	SC Dividend Share
Fideoak Mill	Bishops Hull	Taunton	TA4 1AF	28	£13,157,055	£8,120,155	50%
Fareham 1	Tanners Lane	Fareham	PO14 1BL	40	£18,690,000	£16,831,027	65%
Fareham 2	Tanners Lane	Fareham	PO14 1BL	20	£10,630,877	£9,815,602	70%

BESS assets are owned via a JV company structure

SDDC Opium Power Limited 50 shares owned by SC; 50 shares owned by Opium Power Limited

which in turn owns

Fareham Energy Reserve Limited dividend distribution 65/35

Fareham Energy Reserve 2 Limited dividend distribution 70/30

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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