



Notice of Meeting of

PROPERTY AND INVESTMENTS EXECUTIVE SUB-COMMITTEE

Thursday, 29 February 2024 at 10.00 am

John Meikle Room, The Deane House, Belvedere Road, Taunton TA1 1HE

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

Chair: Councillor Bill Revans

Vice-chair:

Councillor Liz Leyshon

Councillor Ros Wyke

Councillor Richard Wilkins

Councillor Sarah Wakefield (Co-opted Committee Member)

For further information about the meeting, including how to join the meeting virtually, please contact .

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 21 February 2024

AGENDA

**Property and Investments Executive Sub-Committee - 10.00 am Thursday, 29
February 2024**

Public Guidance Notes contained in Agenda Annexe (Pages 7 - 8)

Click here to join the online meeting (Pages 9 - 10)

1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 11 - 14)

To approve the minutes from the previous meeting.

3 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](#))

4 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'.

5 Acknowledge Non-Treasury Investment Strategy

To note the adoption of the Capital Strategy 2024/25 and 2025/26 at Full Council on 20 February 2024.

[Agenda for Full Council on Tuesday, 20th February](#)

6 Review performance indicators for the Investment Portfolio and main risks to the programme (Pages 15 - 20)

To receive a report on the key performance indicators for the asset management of the Investment Property Portfolio.

7 Exclusion of the Press and Public (Pages 21 - 22)

To include the entirety of agenda items 8, 9 and 10

Exclusion of the Press and Public: To consider passing a resolution having been duly proposed and seconded and in accordance with Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, that the press and public be excluded from the meeting during consideration of those parts of this agenda item which relate to exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

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

8 Market overview, disposal strategy and Decision for Investment Property Disposal (Pages 23 - 36)

To consider the Confidential Report.

9 Asset Management Invest to grow recommendations (Pages 37 - 48)

To consider the Confidential Report.

10 Marketing of Asset (Pages 49 - 98)

To consider the Confidential Report.

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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

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 343 526 620 278

Passcode: NuGKqd

[Download Teams](#) | [Join on the web](#)

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Minutes of a Meeting of the Executive Property and Investments Sub-Committee held in the John Meikle Room, The Deane House, TA1 1HE on Thursday, 21 December 2023 at 2.30pm.

Present:

Cllr Bill Revans (Chair)

Cllr Ros Wyke

In attendance:

Cllr Simon Coles

Cllr Dean Ruddle

Cllr Habib Farbahi

Cllr Andy Dingwall

Cllr Bob Filmer

Cllr David Fothergill

Other Members present remotely:

Cllr Bob Filmer

Cllr Tony Lock

Cllr Tessa Munt

1 Apologies for Absence - Agenda Item 1

Apologies were received from Cllr Mike Rigby.

2 Declarations of Interest - Agenda Item 2

Dean Ruddle - Somerton Town Council

Ros Wyke - Westbury-sub-Mendip Parish Council

3 Public Question Time - Agenda Item 3

Apologies were received from Cllr Mike Rigby.

4 Operation of the Sub-Committee - Agenda Item 4

At the invitation of the Chair, the Service Director – Strategic Asset Management,

Oliver Woodhams introduced the report highlighting the sub-committees terms of reference and scope of responsibility. The Service Director further drew members attention to the proposed future meeting dates.

Members proceeded to discuss the detail contained in the report and its appendices, points raised included: the drafting amendment to the terms of reference to reflect that the Deputy Leader of the Council could Chair the sub-committee in the Leaders absence; the geographic spread of assets under consideration; the importance of being able sort assets by sector; and the importance of the portfolio being balanced across sectors.

In response officers noted: that the spreadsheet appendix B would also allow assets to be sorted by sector; and that the final 7 lines are excluded from the main data organisation as they are leasehold assets.

5 Non Treasury Management Investment Assets Strategy Update - Agenda Item 5

At the invitation of the Chair the Commercial Property and Land Development Manager, Robert Orrett introduced the report, noting the agreement that there would be no further investment asset property purchases made.

The Chair proceeded to invite comments from both Executive and other members in attendance, points raised included: the criteria to be used when deciding on the order of asset disposals; feedback to and contact with DHLUC re asset disposals; if now was the most financially advantageous time to dispose of assets; any financial targets for asset sales; potential falls in asset values; and the potential to prioritise disposals based on the level of financial return generated.

In response officers noted that the Executive had already agreed to the principal of asset disposals and that DHLUC had been appropriately briefed; and that local government asset sales work in a non-standard way and are accounted for in a specific way which differs from the private sector.

6 Investment Assets Disposal - Agenda Item 6

Having been duly proposed and seconded, the sub-committee proceeded to vote on a proposal to enter confidential session.

Exclusion of the Press and Public

The Executive sub-committee **RESOLVED** to pass a resolution 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.

The sub-committee proceeded to discuss the confidential Appendix C with officers providing responses as appropriate.

Meeting Ended: 16:11

Chair

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Decision Report – Property and Investments Executive Sub-Committee

Decision Date – 29 February 2024

Key Decision – no



Review performance indicators for the Investment Portfolio and main risks to the programme

Executive Member: 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 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).
2. Performance indicators recommended for monitoring by the Sub-Committee on a quarterly basis are:
 - a. Total contracted annual income.
 - b. Void measure (vacant units) as a percentage of rent.
 - c. Rent arrears measure – debtor percentage.
 - d. Progress with property disposals - to be reported in confidential session at future meetings.

Recommendations

3. That the Property and Investments Executive Sub-Committee:
 - a. Consider the performance indicators for the asset management of the Commercial Investment Portfolio for Q3 2023/24:

Indicator	Measure	Q3 2023/24	Comments
Total contracted annual income		£18,787,500	
Voids	Vacant units as a percentage of total rental value	9.1%	Increased level of breaks operated and tenant insolvency
Rent arrears		Not available	

b. Consider the main risks to the programme set out under paragraph 10 below.

Reasons for recommendations

4. The terms of reference for this executive sub-committee include: 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.
5. The range performance indicators used in this report were approved by the Sub-Committee at its meeting on 21 December 2023.
6. Rental voids have risen substantially with a number of tenant break options being exercised and also several tenant insolvencies. Re-letting progress is being made and expectation this will continue to improve. The rent debtor information is not currently reliable, as the consolidation of systems and records following LGR continues. This is a risk. Mitigation is prioritisation within the team for manual checking and chasing late payments.

Other options considered

7. Other key indicators that could have been recommended include total capital value of the portfolio compared with either purchase prices or previous valuation, or latest weighted average unexpired lease term (WAULT). Production of this data would consume a large amount of officer time or require the council to incur

substantial fee cost to obtain the advice externally. The agreed performance indicators were acknowledged to represent the appropriate balance for robust monitoring relative to resource implications.

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 as part of the Financial Emergency Strategy.

Financial and Risk Implications

10. The following risks have been identified for the Investment Asset Programme:

Risk Description	Risk Outcome / Impact and Probability Assessment	Impact (5 = Critical 1 = Low)	Probability (5 = High 1 = Low)	PRIORITY (Impact multiplied by Probability)	Mitigation
Officer team resources	Key officers leaving at short notice due to any circumstances, may impact programme timings and outcomes.	3	4	12	Expand external adviser activity and if required appoint a different internal client. Complete the Strategic Assets Management service restructure in an orderly manner without delays.
Financial target timings changing	Phased sales target cannot be met so further assets needing to be sold earlier than planned	3	4	12	Carry out asset management more quickly and be ready to sell phase 2 & 3 if required
Market weakening further	Reduces receipts from Property planned to be disposed of in future years	5	2	10	Consider bringing forward further early sales
Elections affecting macroeconomic conditions	Reduced value of sales and cost of borrowing for rest of portfolio	3	3	9	Maintain awareness of macroeconomic conditions and reviewing against targets
Commercially sensitive details are unintentionally made public	Potential buyers or tenants being aware of the council's commercial position, leading to sub-optimal financial outcomes	2	4	8	Discuss commercially sensitive details only in confidential sessions of sub-committee, attendance in-person only. Stress importance of

					confidentiality to attendees.
Dependency on internal teams not prioritising project needs	Control Boards approval and PO processing teams	2	3	6	Discuss priorities and gain exemptions as appropriate
Council governance mechanics	Decision process holding up sales	2	3	6	Gaining prior approval to sales over a certain price without further key decision reports being needed. Planning executed deeds in advance to ensure prompt execution.

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 was submitted to the 4th January Scrutiny Committee for Corporate & Resources. [Report of the Task and Finish Group for Commercial Investment Asset Realisation – November 2023](#)

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 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 and to ensure the disposal programme is overseen by a Property & Investment Executive sub-committee.

Background Papers

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

Appendices

None

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	19/2/2024
Communications	Peter Elliott	N/A
Finance & Procurement	Nicola Hix	21/2/2024
Workforce	Alyn Jones	14/2/2024
Asset Management	Oliver Woodhams	20/2/2024
Executive Director / Senior Manager		
Strategy & Performance	Alyn Jones	14/2/2024
Executive Lead Member	Cllr Ros Wyke	15/2/2024
Consulted:	Councillor Name	
Local Division Members	N/A	N/A
Opposition Spokesperson – for information	Cllr Mark Healey for Prosperity, Assets and Development	Sent 13/2/2024
Scrutiny Chair - for information	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	Sent 12/2/2024

Somerset Council

Notice of private meeting

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5

Following prior publication in the Forward Plan in January and February 2023, in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 5, notice is hereby given that the Executive Property and Investments Sub Committee is requested to consider agreeing a resolution at its Meeting on 29 February 2024 to exclude the press and public from any part of the meeting where exempt information relating to the items below is to be disclosed:

Item 8 – Market Overview, disposal strategy and Decision for Investment Property Disposal

Item 9 – Asset Management Invest to grow recommendations

Item 10 – Marketing of Asset

Reasons for the item to be considered in private session at the meeting

Local Government Act 1972 – Schedule 12A

The item is likely to contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Representations received to hold the item in open session

None.

Council's response to representations received

Not applicable.

Circulation:

All Somerset Council members

Council's website

21 February 2024

David Clark – Monitoring Officer

For questions about this notice please contact Mike Bryant, Democratic Services, County Hall, Taunton, TA1 4DY.
Tel: 01823 357628 Email:mike.bryant@somerset.gov.uk

By virtue of
Regulation 21(1)(A) of the Local Authorities (Executive
Arrangements) (Access to Information) (England)
Regulations 2000.

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Somerset Council

Notice of Key decision



The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 11

In accordance with the Council's Access to Information Procedure, as set out in the Council's Constitution, notice is hereby given that the following Key Decision, which have not been included in a published version of the Executive Forward Plan for the required 28 days, is to be considered by the Executive Property and Investments Sub-Committee on 29 February 2024.

Investment for Growth proposals

Lead Officer: Oliver Woodhams, Strategic Asset Management Service Director
Author: Robert Orrett, Commercial Property Land Development Manager
Contact Details: Robert.Orrett@somerset.gov.uk

Reasons

It is proposed to take a key decision on these matters on the date shown above. It would be impracticable to defer the decision until it has been included in a published version of the Forward Plan for the required 28 days.

Circulation:

Leader of the Council
All Somerset Council Members

21 February 2024

David Clark
Monitoring Officer

For questions about this notice please contact the Democratic Services Team, County Hall, Taunton, TA1 4DY. Email: democraticservicsteam@somerset.gov.uk

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