

**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

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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