

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 8
5 MARCH 2018	PUBLIC REPORT

Report of:	Simon Machen, Corporate Director for Growth and Regeneration	
Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources Councillor Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Development	
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PETERBOROUGH CITY COUNCIL INVESTMENT ACQUISITION STRATEGY AND ASSET MANAGEMENT PLAN

R E C O M M E N D A T I O N S	
FROM: Simon Machen, Corporate Director for Growth and Regeneration	Deadline date: N/A
<p>This Growth, Environment and Resources Scrutiny Committee is asked to:</p> <ol style="list-style-type: none"> Note and comment on the Asset Management Plan at Appendix 1 and the Investment Acquisition Strategy at Appendix 2. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Growth, Environment And Resources Scrutiny Committee following a request from the Committee.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is submitted to the Committee following a review of the Council's Investment Acquisition Strategy and Asset Management Plan. The purpose of this report is for the Committee to note and comment on the Asset Management Plan at Appendix 1 and the Investment Acquisition Strategy at Appendix 2.

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph 2.1, Functions Determined by Council:

Economic Development and Regeneration including Strategic Housing and Strategic Planning.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

Asset Management Plan

The Council has an Asset Management Plan (AMP) which forms part of the Financial Strategy under the Medium Term Financial Strategy. The AMP identifies the key strategic policy and resource influences affecting the Council and in response to these sets a broad direction for asset management over the medium term enabling its property portfolio and associated professional support to be optimised to meet identified needs. It facilitates rational property decision making based on Council priorities. The plan has a 5-year horizon with annual reporting on progress, plus revisions or updates according to changes in local or national circumstances. The AMP is restricted to consideration of property assets that the Council owns or uses (excluding residential and school properties) and sets a programme of action over the medium term. It is a practical tool which helps to define, implement and measure how the Council:

- Integrates decision making on property assets with wider Council processes
- Makes its investment decisions
- Enhances the financial value from its property holdings
- Maintains and improves its assets
- Increases the cost effectiveness of its portfolio
- Ensures the property portfolio is 'fit for purpose'
- Promotes innovation and development in asset management
- Supports the Council's aspirations as an environmental city
- Listens and responds to property users evolving needs

A copy of the AMP is attached at Appendix 1

New Investment Acquisition Strategy

The Council already has an acquisition strategy, but this needs to be refined to meet the current aspiration of the Council to acquire investment properties for the purpose of securing revenue from these investments. Property Consultants, GVA, have been commissioned to write this strategy and their detailed report is included at Appendix 2

The new strategy will advise on and reflect the Council's investment criteria, which are briefly:

Element	Description
Investible Funding	£70 million
Investment Period	To 31 April 2021
Investment Geography	Assets located in areas capable of being effectively managed by Peterborough City Council.
Objectives	To acquire and manage a portfolio of investments capable of providing income returns to support the Council's strategic objectives
Investment approach	Assets acquired and directly held by the Council. Investment through third parties only by exception.
Investment Selection	Acquisitions selected on the basis of: location, tenant covenant, occupier lease length, rental growth potential, building condition.
Investment diversification	Single investments capped at a maximum of 25% of the overall investment committed to the programme. By exception, cap increased to 30% for high scoring acquisitions.
Expected Portfolio Return	5% p.a. net income return on cost (including borrowing costs).
Risk Profile	When fully invested, the risk profile of the portfolio is intended to be MODERATE .
Frequency of Investment Strategy Review	Within the annual Growth and Regeneration Property update.

5. CONSULTATION

- 5.1 Consultation has been undertaken internally through a series of meetings with the relevant Heads of Service and GVA in the development of the strategy. Scrutiny Committee is the final consultation before the report is presented to Cabinet.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The Recommendations of this report are to review the contents of this report and the appended Asset Management Plan and Investment Acquisition Strategy.

7. REASON FOR THE RECOMMENDATION

- 7.1 N/A

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 N/A.

9. IMPLICATIONS

Financial Implications

- 9.1 N/A

Legal Implications

- 9.2 N/A

Equalities Implications

- 9.3 There are no Equalities Implications

Rural Implications

- 9.4 There are no Rural Implication

10. BACKGROUND DOCUMENTS

- 10.1 Peterborough City Council Medium Term Financial Strategy

11. APPENDICES

- 11.1 1. Asset Management Plan.
2. Peterborough City Council Investment Acquisition Strategy

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