

# OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the Remote meeting held on Thursday, 22nd October, 2020 at 7.00 pm.

## **Voting Members**

Cllr M.D. Smith (Chairman)  
Cllr Veronica Graham-Green (Vice-Chairman)

Cllr Gaynor Austin  
Cllr T.D. Bridgeman  
Cllr Sue Carter  
Cllr R.M. Cooper  
Cllr Christine Guinness  
Cllr L. Jeffers  
Cllr Mara Makunura  
Cllr S.J. Masterson

Apologies for absence were submitted on behalf of Cllr Mrs. D.B. Bedford

## **21. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 3rd September, 2020 were agreed as a correct record.

## **22. WORK PLAN**

The current work plan was agreed. Updates were given on the Highways Task and Finish Group and the car boots and markets workshop, which were both held in August, 2020.

- **Highways Task and Finish Group** – the Group had agreed to meet with the Local Area Highways Manager, unfortunately this had been delayed and a date would be circulated as soon as possible.
- **Car Boot and Markets Workshop** – since the meeting it was reported that Officers had been working with the Operational Services Portfolio Holder to seek a new approach to the provision of car boots and markets in the town centres.

In response to a query on the Educational Improvement Task and Finish Group, it was noted that discussions were continuing with Hampshire County Council. Understandably, the current focus was on getting the schools back to normal after the lockdown closures but it was intended to invite the County Executive Member for Education and Skills to a meeting of the Task and Finish Group in the New Year.

## 23. EXCLUSION OF THE PUBLIC

**RESOLVED:** That, taking into account the public interest test, the public be excluded from the meeting during the discussion of the undermentioned items to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against the items:

<b>Minute Nos.</b>	<b>Schedule 12A Para. No.</b>	<b>Category</b>
24	3	Information relating to financial or business affairs

## 24. COMMERCIAL PROPERTY INVESTMENT

The Committee welcomed Paul Brooks, Executive Head of Regeneration and Property, Helen Bristow, Property and Estates Manager and Chris Hornung, Managing Director Lambert Smith Hampton Investment Management (LSHIM), who attended the meeting to give a presentation on the Council's commercial property investment portfolio. The presentation covered the management arrangements, the quarterly performance report and the impacts of COVID-19.

Ms. Bristow, gave an overview of the management arrangements. It was noted that between 2016 - 2018 the Council's property investment portfolio had increased in value to £105 million and it had been decided that more expertise was required to help manage the existing portfolio and develop it further. In November, 2019, LSHIM had signed a three year contract with the Council to manage the portfolio. It was advised that LSHIM worked closely with the Council's Estates Team and the Property Investment Advisory Group (PIAG) to manage two portfolios, the "Investment Portfolio", including all new acquisitions and the "Legacy Portfolio" which included properties which had been owned by the Council for some time and had an amalgamated annual income of around £40,000.

It was noted that monthly meetings were held with LSHIM to discuss asset management, the action plan, individual cases/events and managing agent updates and monitoring. Quarterly reports were also provided to the PIAG, which covered rental data, portfolio data updates and market and sector advice. This way of working encouraged collaboration, with mutually agreed objectives and understanding of the Council's requirements that worked well for both parties. The benefits of working with LSHIM were considered to include:

- A market wide and cross sector analysis of the existing portfolio
- A sifting process of opportunities and recommendations for future investment purchases
- A review process of the existing portfolio with options for change/disposal
- Access to specialists and a sounding board on specific projects
- Advice on regeneration projects, particularly the Civic Hub development

The Committee was advised of the working arrangements and purpose of the PIAG. The purpose of the non-decision making group was to review any potential opportunities for acquisitions, raise any queries or concerns and discuss the merits of proposals before the opportunity was submitted to the Cabinet for agreement and any offers were made. In addition, the PIAG also reviewed the running of the portfolio and could make recommendations as part of that review process. It also reviewed the risk and use of the property reserve held by the Council and acted as a consultee on acquisitions and disposals.

Mr. Brooks then gave an overview of the Council's Property Investment Strategy, the key objectives of which were:

- A low risk profile
- A £170 million proportionate level of investment
- An ensured net income of 0.8% (after borrowing)
- A balanced investment portfolio across different property types

Mr. Hornung, then gave an overview of the quarterly report, this included an executive summary which detailed key areas, including:

- Sector portfolio split, maximum limits had been set at – retail 25%, office space 35%, industrial 35% and alternative (living sector) 15%
- Acquisition and disposal information – none in the current quarter
- Asset management arrangements by property
- Performance and objectives
- Financial summary by property

In response to a query regarding future procurement, Mr. Hornung advised on the importance of ensuring the balance of the portfolio matched the limits set. Currently the portfolio was over weighted in retail, so future opportunities would be focused on industrial/office spaces which were currently performing well. Should there be any doubt over the viability of an opportunity the team would look elsewhere.

Measures for dealing with tenants/businesses struggling due to the COVID-19 pandemic were discussed. It was noted that the situation would be monitored closely with the management agents and options considered to fill the space should the property become empty. Should a property need to be disposed of, it was noted that all opportunities would be maximised to gain the best deal available.

The Committee discussed the financial aspects of the portfolio and understood that it was important to have a realistic budget to continue growing the portfolio without overspending. Commercial property investment had been part of the Council's wider savings programme by securing significant income and it was imperative that it was a balanced and proportionate part of it.

The Chairman thanked Mr. Hornung, Mr. Brooks and Ms. Bristow for their presentation.

The meeting closed at 8.40 pm.

CLLR M.D. SMITH (CHAIRMAN)

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