

# Corporate Policy and Resources



5 July 2021

<b>Title</b>	<i>Assets Portfolio Working Group</i>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	<i>Nick Cummings</i> <i>Property and Development Manager</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	<b>Committee is asked to:</b>  <ol style="list-style-type: none"><li>1. Agree to set up an Assets Portfolio Working Group</li><li>2. Agree the proposed Terms of Reference (Appendix 1)</li><li>3. Confirm the membership of the group (Appendix 1)</li><li>4. Confirm the frequency of the group (Appendix 1)</li></ol>
<b>Reason for Recommendation</b>	<b>The Working Group will ensure close liaison between councillors and officers on all matters within the investment, development and municipal portfolios.</b>  <b>It will ensure that there is expert councillor input from an assets, financial and housing perspective to ensure an holistic approach is taken on dealing with all our assets.</b>  <b>This is particularly important as we move into the COVID-19 recovery phase as we know there will still be particular challenges over the next year or so whilst the local and national economy recovers.</b>

## 1. Key issues

- 1.1 Historically, there has been individual liaison between the Assets Portfolio Holder and the Group Head for Regeneration and Growth or the Property and Development Manager. Whilst this worked when the Council only had a small

municipal portfolio, a more rigorous and holistic approach was clearly required as our investment portfolio grew. The advent of a residential development portfolio has reinforced the need for a new approach.

- 1.2 When the COVID-19 pandemic hit in March 2020, the then Leader immediately instituted confidential weekly briefings (known as Rent Review meetings). This was to ensure that he and relevant portfolio holders were made immediately aware of any issues regarding rental payments which might have an adverse impact on the Councils £1bn investment portfolio. Those initial meetings focused solely on risk management and mitigation for the Investment Portfolio, and the Elmsleigh Centre which sits in the Regeneration Portfolio. They considered arrears reports, Sinking Fund worst case and expected case scenarios, potential lettings for vacant space, tenant issues, and operational building matters. An initial political steer was given at those meetings (entirely within the remit of the Strong Leader and Cabinet system).
- 1.3 Items which required Urgent Action (i.e. those that could not wait to be agreed at the next Cabinet meeting) were discussed, and a report was submitted to councillors who sat on the group. This gave them all the information required to confirm whether they were content for the Urgent Action (UA) to be agreed. The UA decision rests solely with the Chief Executive, but it was considered that in order to ensure openness and transparency, these matters should nevertheless be discussed and agreed by those key councillors. These decisions were all formally minuted and reported to the next available Cabinet meeting.
- 1.4 Councillors on this Committee should be aware that the UA provision was used sparingly as it sat outside the formal Cabinet process. The provision still remains as part of the Constitution under the new Committee system and the same principle of only using when absolutely necessary will still apply. Those areas that require UA are often matters where officers are looking to secure a rental and head of terms which need to be agreed very quickly. Moving forwards, where at all possible reports will be presented to and considered by the Development Sub Committee of the Corporate Policy and Resources Committee (CPRC), if required, in line with that Sub-Committees agreed terms of reference.
- 1.5 The remit of the Rent Review Group has expanded since March 2020, to include regeneration (including development) and municipal portfolios. From a regeneration point of view, the group were made aware at the inception stage of any regeneration proposals that were being considered by the Council as landowner.
- 1.6 Municipally, whilst a number of leases by value fall under the officer scheme of delegation, it was considered important in light of the COVID-19 situation that councillors were involved in discussions throughout on municipal assets. A lot of charities and local groups who lease or licence our premises have had particular challenges during the COVID-19 pandemic. This has proved to be very beneficial, and the input of councillors has been invaluable.
- 1.7 The membership of this group (under the Cabinet system) was the Leader, the Deputy Leader (who had the Assets Portfolio), and the Financial Portfolio Holder. The Deputy Leader with responsibility for Community Wellbeing also attended when particular municipal issues required their expert input. Having

all the relevant portfolio holders in 'one place at one time' enabled an holistic view to be taken. Councillors were supported by MAT, as well as professional officers from the assets and legal teams.

- 1.8 The review group has proved to be very successful, and has enabled officers to gain clear political direction and agreement on investment, regeneration and municipal matters.
- 1.9 The Rent Review meeting was formed as a leader's working group and therefore ceased with the move to the committee system of governance. There is clearly an opportunity to consider whether a new group should be set up in a similar format, but with different councillors sitting on the group.

## **2. Options analysis and proposal**

### Preferred Option

- 2.1 It is recommended that the Assets Portfolio Working Group be set up on the basis of the proposed Terms of Reference as set out in Appendix 1.
- 2.2 Committee need to be aware that the main difference between this group and the previous one is not around the work areas but that as a result of moving to the committee system the councillors who sit on the group will not be able to make any decisions – it will be an advisory working group only.
- 2.3 Such a group will be an effective and efficient way of ensuring that all the key councillors are briefed on matters systematically and at the same time. Whilst we are moving into the recovery phase of the COVID-19 pandemic, our tenants are still facing economic challenges and there is still a need to ensure a close eye is kept on our asset portfolios.
- 2.4 Another benefit is that officers can inform key councillors about work activities prior to any subsequent professional and technical negotiations. It is anticipated that this will be more efficient as those on the Working Group will be fully informed when reports (if required) come forward to either the CPRC or the Development Sub Committee. It enables officers to highlight any issues immediately which need addressing, which in turn ensures key councillors have full sight of any risks to the portfolio. The regular review of the Sinking Fund worst and expected case scenarios is particularly important for both the portfolio and the financial position of the Council as a whole.

### Alternative option

- 2.5 Not to set up this group. There is a considerable risk that information will not flow as easily, and that not all key councillors hear the same information at the same time. The benefit of collective understanding and critical questioning will be lost. Without this there is a risk that officers will be relying solely on their professional opinion without having the opportunity to understand the wider political context. This is not recommended.
- 2.6 Committee members are advised that this Working Group is not a decision making body. That role will be fulfilled by the Development Sub Committee and the main Corporate Policy and Resources Committee as per the Constitution and relevant Terms of Reference.
- 2.7 Consideration was given on whether this work could be undertaken by the Development Sub Committee but this group has a specific terms of reference in relation to its decision making powers. Adding a further 'advisory' layer would not only muddy the waters, it would dilute the work of the Development

Sub Committee and require the terms of reference of that group to be amended and then agreed by Council.

**3. Financial implications**

3.1 There are no financial implications.

**4. Other considerations**

4.1 None.

**5. Equality and Diversity**

5.1 There are no equality and diversity implications which need to be taken into consideration.

**6. Sustainability/Climate Change Implications**

6.1 There are no sustainability and climate change implications which need to be taken into consideration

**7. Timetable for implementation**

7.1 If agreed the Assets Portfolio Review Group would commence immediately.

**Background papers: There are none.**

**Appendices:**

Appendix 1 Proposed Terms of Reference