

Development Sub-Committee



9th August 2021

Title	Investment & Regeneration Portfolio - Annual Business Plans
Purpose of the report	To make a decision
Report Author	Jeremy Gidman, Asset Manager
Ward(s) Affected	N/A
Exempt	No for the report and Appendix A but yes for Appendix B
Exemption Reason	Appendix B contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, disclosure to the public would prejudice the financial position of the authority in any lease, contract or other type of negotiation with the tenant or developer, who could then know the position of the Council.
Corporate Priority	Financial Sustainability
Recommendations	Committee is asked to: Approve the proposed template for the annual business plans which are being produced for all assets in the Investment & Regeneration portfolios. To note the proposed timescale of completion of this project by 20 th August subject to Committee being comfortable with the format of the reports.
Reason for Recommendation	The business plans will provide a focus on maintaining and growing income, together with the prioritisation of asset management initiatives. Their recommendations will also assist budget forecasting.

1. Key issues

- 1.1 It is proposed that officers in the Assets team prepare annual business plans in order to assist financial forecasting and asset management of the Investment and Regeneration portfolios.
- 1.2 In previous years, the more complex multi-let assets in the Brockton portfolio (Porter Building, Charter Building and Thames Tower) were reviewed annually by an external asset manager, Landid to provide a business plan and budget forecast.
- 1.3 Following the termination of the Landid contract, there is now the opportunity to improve upon the business plan process across the entire portfolio and to demonstrate to stakeholders that the Council has suitable expertise and resourcing to manage a large commercial property portfolio.
- 1.4 The business plans will identify current and future performance of the assets against their sector benchmark. They will also set out forecast income and expenditure forecasts over a five year period.
- 1.5 Going forwards, the plans will also provide a helpful tool in risk management, by highlighting potential gaps in income and future expenditure, set against the financial status of all tenants.
- 1.6 The plans will also provide an opportunity to identify longer term development opportunities where these exist, in order to enhance capital value and liquidity.
- 1.7 Attached at Appendix A is a copy of a template report being proposed for one of the Investment properties which contains all the information which can be put in the public domain. The intention is to produce a report for each asset with a shorter summary report which focuses on the deliverable strategy for the portfolios as a whole. Confidential Appendix B contains the full financial information and is exempt for the reasons set out at the top of this report.

2. Options analysis and proposal

- 2.1 The preferred option is to proceed with the proposed business plans once Committee is comfortable with the content. These plans are being produced using Argus Enterprise which is a leading investment appraisal platform which the Assets team have available to them. Appropriate resources are available within the Assets team, and it is sensible for the relevant property managers to take ownership of this project rather than outsourcing.
- 2.2 The alternative option is not to prepare these business plans, which would mean managing the portfolio without a clearly defined strategy. This is not a realistic option now that the portfolio has grown to its current size.

3. Financial implications

- 3.1 The business plans are being prepared by the Assets team based upon input from professional advisers where required. There is no additional budget required for this project.

4. Other considerations

Due to the sensitive nature of the financial information contained within the reports, it is suggested that the summary report (Appendix A) becomes a public facing document with the full reports appropriately redacted and made available if requested.

5. Equality and Diversity

- 5.1 The business plans are an opportunity to assess the performance of the assets at a financial and physical level, and to ensure that issues such as accessibility are addressed. By focusing on the preservation and growth of income receipts, the portfolio business plans will ensure that valuable revenue support remains available for services in the borough that meet the Council's policies on equality and diversity.

6. Sustainability/Climate Change Implications

- 6.1 Environmental and Social Governance initiatives are being given due consideration in the individual plans, and these are highlighted in the template report.

7. Timetable for implementation

- 7.1 The reports are being prepared at the present time and, subject to the approval of the proposed format by the Development Sub-Committee, will be finalised by the 31st August.

Background papers:

There are none.

Appendices:

Appendix A – Template Asset Business Plan for World Business Centre 4 (Financial Year 2021/2022)

Appendix B – full Asset Business Plan for World Business Centre 4 (Financial Year 2021/2022) – Confidential