

COUNCIL MEETING**19th April 2021****QUESTIONS FROM MEMBERS OF THE PUBLIC FOR WRITTEN REPLY****1. From Tony McPartlan to the Portfolio Holder for Resources, Commissioning and Contract Management**

How much has the Council spent on commercial property outside the borough over the last 10 years and what is the current value of this portfolio?

Reply:

The Council has spent £47,690,000 on investment properties outside the Borough over the last 10 years. The Statutory Asset Valuations of 2019/2020 state the value of these investments to be £45,934,187. The 2020/21 Statutory Asset Valuations are currently being undertaken and not yet finalised.

2. From Tony McPartlan to the Portfolio Holder for Resources, Commissioning and Contract Management

What is the decision making process that drives investing in properties outside of the borough, and does the Council think that it may now be better to focus solely on investments within our own borough?

Reply:

The Council's Executive agreed in July 2017 to the following investment criteria which formed the basis of investment property purchases from this date onwards:

- Provides a net investment return of 5%;
- Provides a suitable mix of portfolio to mitigate against risks of "all eggs in one basket" i.e. variation in investment portfolio to cover void risk;
- Ability to sell the asset at a future date within a reasonable turnaround period of less than one year;
- Mitigates against problematic tenancy risks e.g. secured tenancy etc;
- Mitigates against significant repair liabilities which have a downward impact on the investment return i.e. seek full repairing leases from tenants;
- Mitigate against capital value risk – purchase in places where capital values are unlikely to fall in the longer term;

- That opportunities should be explored in economic growth areas as well as the South East. This would be the cities of Manchester and Leeds together with other areas such as Cardiff, Bristol and the Midlands;
- That the lot size should be in excess of £5m;
- That multi-let investment opportunities which provide suitable income protection and covenant should be considered, considering management costs.

However, any decision to purchase is made by the Council's Executive. The last investment purchased outside of the Borough was in 2017 and since then, we have not sought, and are not intending, to purchase any other investment properties of this nature.