

## Commercial Services Cabinet Committee

Thursday, 10 September 2020

7.30 pm

### Present:

Cllr Lenny Rolles (Chair)  
Cllr Sarah Gow (Vice-Chair)

Councillors: Gurdip Ram Bungar  
Jordan Meade  
Leslie Pearton  
Anthony Pritchard  
Tony Rana  
Tony Rice  
Gurbax Singh  
Denise Tiran

Sarah Parfitt	Director (Corporate Services)
Elizabeth Thornton	Service Manager (Property & Regulatory Services)
Eben Graham	Principal Estates Surveyor
Chris Wakeford	Committee Services Officer (Minutes)

### 5. Apologies

No apologies for absence were received.

### 6. Minutes

The minutes of the meeting held on 2 June 2020 were signed by the Chair.

### 7. Declarations of Interest

Cllr Lenny Rolles, Cllr Sarah Gow and Cllr Tony Rice all declared another interest in Item 5 – Corporate Performance Update: Quarter One 2020-21 in that the report mentioned Rosherville Limited, and all named Councillors were Directors of this company.

### 8. Corporate Performance Update: Quarter One 2020-21

The Director (Corporate Services) presented the Members of Commercial Services Committee with an update against the Performance Management Framework, as introduced within the council's Corporate Plan, for Quarter One 2020-21 (April to June 2020).

The Director (Corporate Services) highlighted the following:

- Following Cabinet approval at the end of 2019-20, two subsidiary companies to Rosherville Limited have been registered with Companies House.

- Rosherville Property Development Limited are currently working with officers from GBC and Reef Group regarding the proposed development at The Charter. It is intended that Rosherville Property Development Limited will be the development partner of Reef Group, and will be responsible for overseeing the project, with reporting back to the Council as shareholder as required.
- Rosherville Servicing Limited will provide vehicle repairs and maintenance services and MOT preparation services to members of the public. Whilst it was anticipated that trading would commence from 1 April 2020 due to the COVID-19 pandemic current plans are for the company to commence trading from 1 October 2020.

The Chair thanked officers for all their hard work on this matter.

**Resolved** that the Corporate Performance Update: Quarter One 2020-21 be noted.

## 9. Commercial Property Investment Guidance

The Service Manager (Property & Regulatory Services) asked the Committee to consider amendments to the commercial property investment guidance as detailed below:

- Target a net initial yield of 4%+ on new acquisitions, and a weighted net equivalent yield of 5%+ across the portfolio. (The initial yield on its own is a blunt tool and the addition of the net equivalent yield enables future reversions and anticipated changes in income levels from the asset to be considered as well).
- Target that the contracted rent receivable from any one asset be limited to 15% of the portfolio income. (This measure seeks to reduce the risk of there being too heavy a reliance in income terms on any one asset).
- Target that the contracted rent receivable from any one tenant be limited to 15% of the portfolio income. (This measure seeks to reduce the risk of there being too heavy a reliance on any one tenant).
- Target that the value of reversions in any three year period be limited to 30% of the portfolio income. (This measure relates to the timing of reversions and seeks to minimise spikes in lease / income expiries in any three year period).
- Target a portfolio income split, by sector, as follows:
  - Industrial – 40-60%
  - All retail (including retail warehouses) – 20-40%
  - Office and alternatives – 20-40%

(A target weighting to the various sectors prevents an overweighting / overreliance on any one sector and should reflect a view on where the best and most durable returns are available. For example at present a lower weighting to retail is seen as desirable and a weighting towards the bottom end of that range would ideally be targeted).

**Resolved** that the Cabinet Member recommends to Full Council that the five measures, detailed in paragraphs 2.2-2.6 of the report are adopted as guidance for future acquisitions.

## 10. Exclusion

**Resolved** pursuant to Section 100A(4) of the Local Government Act 1972 that the public be excluded during the following items of business because it was likely in view of the nature of the business to be transacted that, if member of the public were present during this item, there would be disclosure to them of exempt information.

## 11. Covid-19 - update on the impact on the Commercial Services Cabinet Portfolio

The Director (Corporate Services) and The Service Manager (Property & Regulatory Services) provided the Committee with an update of the impact of the Covid 19 pandemic upon the practical delivery of the respective services within the Commercial Services Cabinet portfolio since the last report on 2 June 2020.

The Committee discussed the Property Information Dashboard in detail and commended the prudent work that had been completed.

The Chair agreed to speak with officers outside of the meeting about the possibility of updating the Property Dashboard to include information indicating the returns being generated by the strategy compared against the return the Council is obtaining from its own internally managed funds.

**Resolved** that the Covid-19 - update on the impact on the Commercial Services Cabinet Portfolio and the Property Information Dashboard be noted

### Close of meeting

The meeting ended at 8.04 pm