

Extract from Joint Strategic Committee - 5 March 2019

JSC/098/18-19 Strategic Property Investment Fund 2019 (SPIF) and the Commercial Property Investment Strategy (CPIS) 2019/20

Purpose

1. Purpose

- 1.1 The purpose of this report is to set out a robust commercial property investment strategy, building upon the existing portfolio, 2018/19 CPIS (link provided under background documents) and previous Strategic Property Investment Fund (SPIF) reports.
- 1.2 To meet the statutory guidance on investment strategy, as detailed under s12 below, which stipulates councils are to prepare an annual investment strategy which must be approved before the start of the forthcoming financial year by full Council.
- 1.3 This report will support the Councils' Medium Term Financial Strategy, providing a basis for expansion and management of each Council's portfolio, by setting : -
 - Robust parameters to guide and support the development of risk managed, financially resilient, income generating commercial property portfolios.
 - Governance criteria to facilitate purchase of investment property, ensuring diligent analysis and transparency, supporting an informed decision making process. This remains unchanged from last year's CPIS.
 - Governance criteria to facilitate a commercial approach to the asset management of the investment properties, supporting proactive management, analysis and forecasting, in order to support strategic decisions, whilst qualifying risk and opportunity. This remains

unchanged from last years CPIS.

Summary of discussion:

Before the Committee was a report by the Director for the Economy, copies of which had been circulated to all Members and a copy of which is attached to the signed copy of these minutes as Item 7.

The report set out a robust commercial property investment strategy, building upon the existing portfolio, 2018/19 CPIS (link provided under background documents) and previous Strategic Property Investment Fund (SPIF) reports.

The Committee note that in order to meet the statutory guidance on investment strategy, as detailed under s12 below, the councils were required to prepare an annual investment strategy which had to be approved before the start of the forthcoming financial year by both Adur and Worthing Councils.

The report would support the Councils' Medium Term Financial Strategy, providing a basis for expansion and management of each Council's portfolio, by setting : -

- Robust parameters to guide and support the development of risk managed, financially resilient, income generating commercial property portfolios;
- Governance criteria to facilitate purchase of investment property, ensuring diligent analysis and transparency, supporting an informed decision making process, which remained unchanged from last year's CPIS.
- Governance criteria to facilitate a commercial approach to the asset management of the investment properties, supporting proactive management, analysis and forecasting, in order to support strategic decisions, whilst qualifying risk and opportunity. This remains unchanged from last years CPIS.

It was noted that Worthing Borough Council had invested £25.14m which had delivered a net income, after borrowing, of £522,210k. Adur District Council had currently invested £24.98m delivering a net income, after borrowing, of £521,730k.

The Committee was informed that Citicentric had provided an independent review of the Councils investment activity. A number of recommendations were made in relation to fund size, asset management, resourcing of the fund and flexibility to spend. The advice relating to fund size was included in section 7 of the report, with Citicentric recommending that 'the optimal fund size for a local authority investment fund is in the order of £250m' (£125m per Council).

The Committee was advised that 'retail assets' covered a diverse range of investments, not just high street. Each property was considered on a case by case basis with the Councils adopting a careful, prudent approach to their investments.

A Member asked how Officers decided which investments were allocated to Adur District or Worthing Borough Councils investment portfolio. Officers advised that the decision was based on the type of properties already held in existing funds, the budget available and the need to create balanced portfolios.

It was proposed and seconded that recommendations 2.2.5 and 2.2.8 be amended to include approval from the Leaders of the Councils as well as the Executive Members for Resources.

Decision,

The Joint Strategic Committee:-

- 2.2.1 noted the requirement to create a further additional post as part of the 2020/21 revenue budget to ensure the delivery of the Commercial Property Investment Strategy to provide additional necessary resourcing (Ref 9);
- 2.2.2 agreed the suggested delivery and governance model as set out in the report;
- 2.2.3 recommended to Adur District Council the adoption of the 2019 Commercial Property Investment Strategy;**
- 2.2.4 recommended that Adur District Council:**
 - i) increase their Commercial Property investment fund from the current £75,000,000 to £125,000,000 with a maximum investment in any year of £50,000,000;**
 - ii) increase the operational and authorised borrowing limits by £25,000,000 in 2019/20.**
- 2.2.5 recommended that Adur District Council resolve that the Strategic Property Investment Fund budget for future years may be brought forward with the approval of the Leaders and the Executive Members for Resources, following their consideration of a business case.**
- 2.2.6 recommended to Worthing Borough Council the adoption of the 2019 Commercial Property Investment Strategy;

2.2.7 recommended that Worthing Borough Council:

- i) increase their Commercial Property Investment fund from the current £75,000,000 to £125,000,000 with a maximum amount invested in any year of £50,000,000;
- ii) increase the operational and authorised borrowing limits by £25,000,000 in 2019/20.

2.2.8 recommended that Worthing Borough Council resolve that the Strategic Property Investment Fund budget for future years may be brought forward with the approval of the Leaders and the Executive Members for Resources, following their consideration of a business case.

Extract from Joint Overview and Scrutiny Committee - 21 March 2019

**JOSC/75/18-19 Joint Overview and Scrutiny Committee Work Programme
2019/20**

Purpose:

The report outlined progress with the work contained in the Joint Overview and Scrutiny Committee (JOSC) Work Programme for 2018/19 and requested that the Committee consider its Work Programme for 2019/20.

Summary of discussion:

The Committee considered a request as submitted by Councillor Les Alden. The item was voted upon and accepted to be included as part of the work programme with Councillor Waight and Smytherman asking that their votes to abstain from the item be noted. A working group consisting of members of the Committee was set up to carry out scrutinise the work outlined in the request.

The Committee agreed to recommend its Work Programme to the Councils for approval

Decision:

**that the work programme 2019/20 as amended be recommended to
Council for approval**

Extract from Joint Governance Committee - 26 March 2019

JGC/068/18-19

Purpose

- 1.1 This report proposes a revision to the financial regulations used by both Adur District Council and Worthing Borough Council. The revised financial regulations will form part of the Constitutions of both Councils.
- 1.2 The revision has been prompted by the recent LGA Peer Review which recommended that the Councils modernise the Financial Regulations. The aims of this review are to:
 - Update the financial regulations for new job titles, Executive Member titles and new Committee names;
 - To simplify the current regulations to make them more understandable to both Officers and Members of the Councils
 - Consider revised approval processes with a view to reducing unnecessary bureaucracy in the light of the streamlined democratic processes;
 - Consider the approved virement limits; and
 - To address any recommendations raised by internal audit in the course of their work.
- 1.3 These provisions have been the subject of consultation with both Executive Members for Resources, and the points raised to date have been built into these financial regulations. Any further points raised will be verbally reported to the meeting.

Summary of discussion:

The report proposed a revision to the financial regulations used by both Adur District Council and Worthing Borough Council. The revised financial regulations would form part of the Constitutions of both Councils.

The revision had been prompted by the recent LGA Peer Review which recommended that the Councils modernise the Financial Regulations.

The aims of the review were to:

- update the financial regulations for new job titles, Executive Member titles and new Committee names;
- simplify the current regulations to make them more understandable to both Officers and Members of the Councils
- consider revised approval processes with a view to reducing unnecessary bureaucracy in the light of the streamlined democratic processes;
- consider the approved virement limits; and
- address any recommendations raised by internal audit in the course of their work.

It was noted that the provisions had been the subject of consultation with both Executive Members for Resources, and the points raised to date had been built into the proposed financial regulations.

Decision,

The Joint Governance Committee:-

- I. **recommended to both Adur and Worthing Councils that the revised Financial Regulations be approved; and**
- II. delegated authority to the Chief Financial Officer to make any minor amendments to the regulations for items such as changed job titles.

Extract from Joint Strategic Committee - 2 April 2019

JSC/110/18-19 Enabling the Digital Future for Adur & Worthing: Extending Ultrafast

Purpose

The report provided an overview of the significant opportunity available to Adur & Worthing Councils, in partnership with West Sussex County Council, to further extend our ultrafast public connectivity, by connecting additional community premises, community libraries, adult social care settings, sheltered housing, leisure facilities, CCTV, and the fibre points needed to deliver an extensive ultrafast public WiFi scheme.

A total of 31 local authority sites in Adur & Worthing (county council, district and borough sites) are already in the process of being upgraded to ultrafast speeds using 'optical fibre to the premise', with construction scheduled to complete in June 2019. This report proposes the connection of an additional 56 district and borough sites across Adur and Worthing.

Independently of our ambitions for greater digital connectivity across our public space and buildings, telecommunications supplier CityFibre has announced its commitment to invest commercially in building its bespoke 'fibre to the home' network in Adur & Worthing. This would see all premises able to access gigabit-capable broadband infrastructure by 2022, subject to the purchase of a broadband package in the usual way.

The report also outlines our development work to deliver ultrafast public WiFi, 4G/5G small cells and an Internet of Things network. With Adur & Worthing on course to having by far the most extensive and dense fibre network in the south east of the country, we have a huge opportunity to attract further government and commercial investment.

Summary of discussion:

The report provided an overview of the significant opportunity available to Adur & Worthing Councils, in partnership with West Sussex County Council, to further extend the Councils ultrafast public connectivity, by connecting additional community premises, community libraries, adult social care settings, sheltered housing, leisure facilities, CCTV, and the fibre points needed to deliver an extensive ultrafast public WiFi scheme.

A total of 31 local authority sites in Adur & Worthing (county council, district and borough sites) were already in the process of being upgraded to ultrafast speeds using 'optical fibre to the premise', with construction scheduled to complete in June 2019. This report proposed the connection of an additional 56 district and borough sites across Adur and Worthing.

Independently of the Councils ambitions for greater digital connectivity across public spaces and buildings, telecommunications supplier CityFibre had announced its commitment to invest commercially in building its bespoke 'fibre to the home' network in Adur & Worthing. This would see all premises able to access gigabit-capable broadband infrastructure by 2022, subject to the purchase of a broadband package in the usual way.

The report also outlined the Councils development work to deliver ultrafast public WiFi, 4G/5G small cells and an Internet of Things network. With Adur & Worthing being on course to have by far the most extensive and dense fibre network in the south east of the country, the Councils had a huge opportunity to attract further government and commercial investment.

A Member sought clarification regarding the source of additional grant funding and how small businesses could benefit from ultrafast broadband. Officers advised that the business rate retention pool was a possible source of grant funding and the Councils were also looking at a number of alternative sources. A gigabit voucher scheme for small businesses was in operation, details of which could be found on the West Sussex County Council website.

Another Member sought clarification as to how the Call-Off sites identified in Appendix A would be linked to fibre and how future proof the proposals were. Officers advised that grey fibre spines would link the Call-Off sites and assured the Committee that optical fibre was next generation and future proof.

The Committee welcomed the proposals.

Decision,

The Joint Strategic Committee

- i) approved a call-off of additional 56 fibre connections in Adur & Worthing on a 30 year lease basis, using the West Sussex Gigabit Framework Agreement.
- ii) **recommended to the Councils to approve an increase to the capital budget of £2.55m to fund the proposed extension of the network, funded through external grants and contributions split as follows Adur: £1.02m and Worthing: £1.53m.**
- iii) noted that in the event that external funding is not secured, that the Councils may have to borrow to fund the capital works and that this would result in committing the Councils to additional net revenue spend of up to £105,030 per year from 2020/21 onwards (Adur: £42,010, Worthing: £63,020).
- iv) noted the work being undertaken with consultants to create an ambitious digital infrastructure programme, exploring the benefits to local businesses, communities and residents of a widespread public WiFi scheme, next generation CCTV, an Internet of Things network, and a 5G strategic prospectus.
- v) noted that a progress report will be presented to the Committee in July 2019 to confirm how the proposed extension to the fibre network will be funded, and the extent of any additional revenue spend required by the Councils.