

Directorate: ECONOMIC GROWTH & REGENERATION

Proposal : PROPERTY INVESTMENT

PROPOSAL DETAILS

The Council is currently managing a structural revenue deficit of £2M due to reducing government grant from the central funding settlement. This funding will have all but ceased by 2020 and the Council must now identify how the gap in its finances will be filled.

During 2019/20 the Council has been assembling a pipeline of property acquisitions using its access to capital resources. These property acquisitions will generate long term revenue income for the Council and, once on costs, have been deducted will contribute a net reduction in the scale of the overall revenue deficit.

The bid also includes the procurement and implementation of a digital estate management system to capture LCC's current and future asset portfolio.

Property investment acquisitions will look to create a diverse portfolio of investments which generate a broad range of rental returns. This may include industrial, offices, hotels, commercial and leisure uses. This will spread the risk across market sectors minimising the Council's exposure to weaker areas of the national and local economies.

The digital estate management system will allow LCC to better manage its properties, arrange and monitor lease arrangements and ensure that reviews are undertaken on a suitable basis. It will join up database information held by several service areas within the directorate to provide a clearer overall picture of assets.

The Council's acquisition of commercial investments will support the districts economy and assist with wider regeneration outcomes.

REVENUE REQUIREMENTS

| | 2020/21 £ | 2021/22 £ | 2022/23 £ | 2023/24 £ |
|--|------------------|------------------|--------------------|--------------------|
| GENERAL FUND | | | | |
| Initial Funding the Future target over 4 years | (400,000) | (800,000) | (1,200,000) | (1,600,000) |
| Management Software | 18,000 | 1,000 | 1,000 | 1,000 |
| Reductions in rents and voids | 30,600 | 30,600 | 30,600 | 30,600 |
| Rent reviews | (31,860) | (63,720) | (95,580) | (127,440) |
| Total | (383,260) | (832,120) | (1,263,980) | (1,695,840) |

CAPITAL REQUIREMENTS

| | 2020/21 £ | 2021/22 £ | 2022/23 £ | 2023/24 £ |
|---------------------|-------------------|-------------------|--------------|--------------|
| Property Investment | 10,500,000 | 10,500,000 | 0 | 0 |
| Total | 10,500,000 | 10,500,000 | 0 | 0 |

| COUNCIL PRIORITIES | |
|--|---|
| A Sustainable District | As a significant investor across the district, Lancaster City Council has the capacity to influence wider regeneration aspirations for strengthening its economy through strategic property acquisitions. All proposals acquisitions will be expected to incorporate sustainable approaches to buildings; energy transport; green and blue infrastructure; lifestyle and smart city technology; adaptability and resilience |
| An Inclusive and Prosperous Local Economy | The Council will acquire property across a number of commercial sectors and combine a range of uses and supporting new opportunities and bring support local jobs and training. |
| Healthy & Happy Communities | Property acquisitions will enhance the management of local communities' access to local services and facilities, all of which should be accessible by walking, cycling and public transport. |
| A Co-operative Kind and Responsible Council | The implementation of a digital estate management system as part of the bid will provide a more accountable record of contact with tenants and will help promote positive and regular contact with existing and potential tenants. |

| CROSS CUTTING THEMES | |
|----------------------------------|--|
| Climate Emergency | All proposals acquisitions will be expected to incorporate sustainable approaches to buildings; energy transport; green and blue infrastructure; lifestyle and smart city technology; adaptability and resilience. The estate management software will help to identify properties requiring maintenance and scheduled improvements and identify changes needed to properties in response to the Climate Emergency |
| Community Wealth Building | Through the Council's Property Investment Strategy the Council will look to acquire a range of properties including premises to assist local businesses. Adherence to the council's Employment and Skills SPD will ensure that all development proposals secure additional benefits in terms of skills and employment training in built environment professions during implementation/construction. The opportunity exists for the council to utilise its property assets to secure wider objectives in terms of supporting community activity and service delivery. |
| Community Engagement | Central record and systems to maintain information about properties and contact with tenants implemented throughout the future design and implementation phases. |

| PERFORMANCE OUTCOMES | | |
|---|----------------------------|---------------|
| Outcome | Performance Measure | Target |
| Decrease in Council structural deficit | | TBC |
| Increase in number of regeneration project outcomes achieved as part of investment strategy | | TBC |
| All existing Council assets captured as one dataset | | TBC |
| Improved customer experience for new and existing tenants | | |