

Item No. 13.	Classification: Open	Date: 17 October 2023	Meeting Name: Cabinet
Report title:		Commercial Property Portfolio: Addition of Income Generating Asset	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Homes, Communities and Finance	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOMES, COMMUNITIES AND FINANCE

Commercial rental income is an important revenue stream to the council assisting it in the delivery of its core functions and key commitments. The council has always taken a prudent and cautious approach to property investment based on risk, financial return and strategic alignment. This proposed acquisition is a fully let commercial property in an excellent location within the Central Activity Zone. More importantly however is that it forms the final piece of a jigsaw consolidating the council's ownership in this strategic location. This will allow us to acquire a significant holding which provides options for the council in the future in the utilisation of the land. These opportunities will be explored in the medium and long term and will allow us to have a long term strategy for our commercial assets and how they can support the emerging Southwark 2030 priorities.

RECOMMENDATIONS

That Cabinet shall:

1. Note the circumstances leading to the proposed acquisition of the freehold asset and actions and investment due diligence being undertaken by officers and their professional advisers
2. Approve the acquisition of the freehold interest as detailed in the closed report to include:
 - a. Note the agreed heads of terms, price and acquisition costs
 - b. Note the Valuation and Building Survey Statements
3. Delegate to the Chief Executive, advised by and in consultation with strategic director of finance, the assistant chief executive for governance and assurance, and the director of planning and growth, authority to:
 - a. Complete the purchase of the freehold interest
 - b. Agree detailed transaction terms

- c. Agree the financing structure to be adopted to fund the acquisition of the asset.

BACKGROUND INFORMATION

4. The council is presented with a unique opportunity to acquire an asset which will strategically enhance its existing portfolio holdings and provide a long-term financial contribution to the council's revenues
5. The asset is regarded as well located within an area acknowledged for ongoing occupier demand

KEY ISSUES FOR CONSIDERATION

6. The acquisition of this asset presents a logical continuation of previous commercial property investment by the council and is based on the same rationale
7. The assets presents future opportunities for improvement and income enhancement
8. Along with other commercial property assets this presents a secure positioning of financial resource and being in a quality location capable of liquidation to realise the investment value

Community impact statement

9. In formulating the recommendations of this report the potential impact on the Community has been taken into account, including people identified as having protected characteristics. No specific equality implications have been identified in relation to this report.

Equalities (including socio-economic) impact statement

10. In formulating the recommendations of this report the potential impact on protected characteristics of the Equalities Act and the Public Sector Equality Duty, no specific Equalities impacts have been identified in relation to this report

Climate change implications

11. In common with all assets in the commercial portfolio this asset will be subject to regulatory requirements and subject to the council's Climate Emergency policies

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

12. Section 120(1) of the Local Government Act 1972 provides local

authorities with the power to acquire any land by agreement for the purpose of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. Cabinet Members may therefore make the recommendations as set out in paragraph 1 of this report if they consider this to be appropriate.

Strategic Director of Finance

13. This acquisition will allow the council to efficiently utilize existing resources to secure an asset with significant and varied long term potential whilst generating a secure source of ongoing funding
14. This acquisition will be funded through the Council's General Fund capital programme

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Homes, Communities and Finance		
Lead Officer	Caroline Bruce, Strategic Director, Environment, Neighbourhoods and Growth		
Report Author	Adrian Sancroft, Principal Surveyor		
Version	Final		
Dated	5 October 2023.		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Assistant Chief Executive - Governance & Assurance		Yes	Yes
Strategic Director of Finance		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			5 October 2023