

**REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PROPERTY INSPECTION 2014****Purpose of the Report**

1. To report on the recent property inspection.

**Information and Advice**

2. The Fund has a significant portfolio of directly held UK commercial property and strategic land opportunities and, as part of the fiduciary duties of members, each year a visit is arranged to inspect a number of these sites. This year's visit took place on 15 to 16 October 2014 and was attended by the following members of the Sub-Committee:

Councillor Ken Rigby	County Councillor
Councillor Sheila Place	County Councillor
Councillor John Wilkinson	County Councillor
Councillor Reg Adair	County Councillor
Councillor Thulani Molife	City Councillor
Executive Mayor Tony Egginton	Executive Mayor of Mansfield
Chris King	Trade Union Representative
Alan Woodward	Trade Union Representative

3. The first property viewed was 6100 and 6200 Crosspoint, Coventry. One of the industrial units on the site is currently vacant and members were able to see the scale and standard of accommodation offered. A representative of the local agents was available to update members on the recent letting of the unit and the current market environment in the area.
4. The second property was North Bar Street, Banbury, a long term holding of the Fund. Representatives from Aberdeen Asset Management updated members on the current lease term and income yield from the property as well as possible redevelopment options.
5. The next property was an office block at Blagrove Street, Reading. Members were able to see the location of the property and its proximity to the newly redeveloped station and, in answer to questions, the local agent was able to confirm that further development was taking place with preparations for a newly constructed office block directly across the street. This is expected to increase interest in the location for tenants. The visit also enabled members to see the size and layout of the office space and compare a recently vacated floor (before dilapidations have been agreed) to one which has recently been refurbished.

6. The last visit on day one was to the Marks & Spencer store on the High Street, West Wickham. This demonstrated the location and layout of the purpose built store and the quality of the accommodation.
7. Day two began with training provided by Aberdeen Asset Management. Dan Grandage gave a presentation and answered questions on the issue of responsible property investment. He covered both the risks involved (such as potential flooding and the requirement for Energy Performance Certificates) as well as possible opportunities (such as better management of energy usage and the use of renewable energy). Graham Hardie then covered property performance measurement, explaining the concept of book cost and breaking down total return into the elements of income and capital return (with the help of worked examples).
8. The first visit on day two was the newly constructed Audi dealership in Tunbridge Wells. Members were given a tour of the whole site including the showroom, staff canteen and workshop. This demonstrated the high quality of the site and facilities.
9. The next property was the recently purchased site at Forward Drive, Harrow, occupied by Bakkavor Food. Members were shown round the site to see the extent and layout of the units and were able to ask questions of the representatives from Bakkavor.
10. The final visit was to the Interchange, Huntingdon, an industrial estate comprising 11 units. Representatives from Aberdeen informed members of the recent asset management activity at the site and updated them with the proposed longer term strategy.

## **Statutory and Policy Implications**

11. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That it be noted that regular property inspections are regarded as an important part of fulfilling members' fiduciary duties.
- 2) That the report be noted.

### **Report Author:**

**Simon Cunnington**

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**For any enquiries about this report please contact: Simon Cunnington**

### **Constitutional Comments**

12. Because this report is for noting only, no Constitutional Comments are required.

### **Financial Comments (SRC 17/10/14)**

13. There are no direct financial implications arising from this report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None