



**Resources and Public Realm
Scrutiny Committee**
29 January 2020

Report from the Director of Finance

BRENT COUNCIL PROPERTY AND CAPITAL STRATEGY

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
Appendices:	Appendix A – Brent Asset List (please contact committee@brent.gov.uk for access) Appendix B - Investment Strategy Report 2019/20 Appendix C - Capital Strategy Report 2019/20 Appendix D - Brent Council's physical and tangible assets Appendix E - Review of Community Asset Transfers Policy, report to Cabinet 22 May 2017 Appendix F - Brent properties let at peppercorn rent
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Rav Jassar - Head of Finance Ravinder.Jassar@brent.gov.uk

1.0 Purpose of the Report

- 1.1 The purpose of this report is to provide a summary overview of the Brent Council property and capital strategy for review in response to key lines of enquiry from members of the committee.

2.0 Recommendation(s)

- 2.1 That the committee note the report.

3.0 Details

- 3.1. Brent Council's property and asset strategy, sets out to maximise the impact and value of the Council's land and property assets, including the Council's operational portfolio; the buildings which the Council needs to make use of in order to deliver its services and corporate priorities.
- 3.2. Brent Council's main property and capital assets are listed at Appendix A – Brent Asset List.

Strategic Objectives

- 3.3. The Council aims to maximise income from properties which are leased out and to minimise outgoings for properties it occupies. It also seeks to derive the maximum socio-economic and community benefit from its portfolio.
- 3.4. Whilst considering this, the Council aims to ensure that it complies with its statutory obligations concerning its ownership and occupation.
- 3.5. The Council seeks to achieve this by means of effective estate management, reviewing its portfolio, liaising with tenants, service department occupiers and stakeholders to ensure it best matches service requirements.
- 3.6. The Council reviews opportunities for investment in property as they are identified based upon both financial return and socio-economic and community benefits.

Brent Council's Investments Strategy

- 3.7. The Authority invests its money for three broad purposes:
 - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
- 3.8. The statutory investment strategy (attached as appendix B) focuses on the second and third of these categories. The Council does not hold any investments principally to earn income.
- 3.9. In addition to the investment strategy, the council is also required to set out a capital strategy (attached as appendix C). This report provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

- 3.10. The Council's property and capital assets, including the Council's General Fund portfolio, land and assets, and housing portfolios are provided in the Council's *Statement of Accounts* on pages 15 & 16, (see note 1) (Attached as Appendix D)

Asset Management

- 3.11. The Council maintains a record of its assets including details of tenure and leasehold events.
- 3.12. These records allow officers to identify opportunities for intervention to either maintain or enhance asset value.
- 3.13. The Council has procured a new database, which will provide increased capacity for the storage and accessing of information allowing consolidated recording of condition, compliance and management information.
- 3.14. A process of data confirmation and cleansing is to be undertaken as part of the transfer to the new system in order to ensure the management of the estate is based on the latest confirmed information.

Asset Disposals

- 3.15. The Council does not currently have a disposal programme following the previous disposal of surplus assets.
- 3.16. Properties which become vacant following changes in service demand are reviewed individually and if not required are marketed for disposal on terms which comply with "best consideration" as provided for within s123 of the Local Government Finance Act.
- 3.17. Brent Council's community transfers programme was discontinued from May 2017. The hyperlink below directs to the relevant report.

http://democracy.brent.gov.uk/documents/s53731/CAT_report.pdf

(Attached as Appendix E).

Social Value

- 3.18. The Council does not currently have the required systems to calculate the social value generated by properties let at peppercorn rent.
- 3.19. Attached as Appendix F is a list of properties currently let at De Minimis rent.

Capital Reserves

- 3.20. Please see table below from the audited Statement of Accounts (SoA), which reflects the Council's financial position with regards to capital reserves as at 31 March 2019.

	2018/19 £M	Note	SoA Page No.
Useable Reserves			
Capital Receipts	25.4	Movement in reserves	96 - 98
Capital Grants	72.4		
Deferred Capital Receipts	3.2		
Earmarked Reserves			
S106 & CIL	106.0	10	21
Capital Finance Related Reserves	36.1	10	21
Total	243.1		

- 3.21. The total capital reserves of £243.1m include c£101m of grants and receipts from the sale and /or disposal of council assets earmarked to fund capital expenditure.
- 3.22. Earmarked reserves to the value of £36.1m have been set aside for the purpose of financing new capital expenditure such as the South Kilburn Programme.
- 3.23. These reserves will be used before any council borrowing. Further details on the financing of the capital programme are contained within the capital strategy (appendix C).

4.0 Financial Implications

- 4.1 None for the purposes of this report.

5.0 Legal Implications

- 5.1 None for the purposes of this report.

6.0 Equality Implications

- 6.1 None for the purposes of this report.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 None for the purposes of this report.

Report sign off:

THE DIRECTOR OF FINANCE