

GROWTH SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 28 FEBRUARY 2019

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GROWTH SCRUTINY COMMITTEE

MINUTES OF MEETING HELD ON 28 FEBRUARY 2019

Present:

Councillor J Windle (Chair)
Councillor A Powell Councillor K Tait
“ B Rice

Also Present

Dan Swaine – Chief Executive Officer (for Min No 576)
Karen Hanson – Joint Strategic Director – Place (for Min No 576)
Karl Apps – Joint Housing Strategy and Growth Manager (for Min No 576)
John Knight – Senior Estates and Valuation Officer (for Min No 574)
Sue Veerman – Overview and Scrutiny Manager
Damon Stanton – Governance Officer

571 Apologies for Absence

Apologies for absence were received from Councillors S Boyle, S Cornwell, C Cupit, C Smith and C Tite.

572 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

573 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of the Growth Scrutiny Committee held on 13 December 2018 be approved as a correct record and signed by the Chair.

574 Scrutiny Review – Business Centres and Industrial Units

Members were reminded that the Committee had agreed to carry out a review of the Council’s Business Centres and Industrial Units.

The Committee now continued the review by hearing from the Senior Estates and Valuation Manager, who was asked to address a series of questions.

What is your role in supporting this service?

The officer stated that he was responsible for rental value valuations, capital valuations and sales of the Council's industrial units.

How do you think the service is working?

The officer commented that the Council owned industrial property for two reasons; for economic development and for providing the Council with a financial return. The officer stated that there was currently virtually 100% occupancy of industrial units, and given their age they were working well.

The Committee discussed the diverse range of both old and new industrial units owned by the Authority, in particular the upgrades required to some of the units so that they continued to provide a viable financial return to the Council and were fit for purpose.

The officer commented that there was a relatively small maintenance budget of around 6% of total rental income, which equated to a budget of approximately £25,000 per annum. It was stated that given the age and condition of a large number of units, 15% to 20% per annum would be more appropriate. It was likely that the current level of reinvestment could result in further decline of some of the Council's units, which could affect occupancy rates, and thus rental income if there was to be an economic downturn where supply would outweigh the demand. It was stated that a phased programme of reinvestment which had been identified would help the Council to maintain its rental income, and the asset value of the units.

Members discussed the possibility of grants that were available, as well as the role of the facilities management team in the maintenance of the Council's stock of units.

What are your main barriers to success?

The Committee heard that investment was the main barrier to success. The officer reiterated the need for refurbishment, and commented that both perimeter fencing and security cameras would enhance the asset value of the industrial units. They would also increase the rental income of the properties. It was acknowledged that full time staffing levels had been reduced, and that there was currently only one surveyor. Members noted that this could result in resources not being available to maximise the Council's opportunities such as the sale of small parcels of land.

What can we do to be more commercially aspirational?

The Senior Estates and Valuation Officer commented that the Council should be looking at obtaining other assets where appropriate and also where appropriate reviewing some currently owned assets with a view to a possible sale. Members noted that the industrial units would continue to provide the Authority with a sustainable financial return with the appropriate investment.

Have you any suggestions for improvements?

The officer reiterated that reinvesting the income where appropriate would prove beneficial for the Council. It was proposed that a ten year programme of phased reinvestment would see both an increase and maintenance in financial returns, and should be considered if the Authority was to become more competitive.

Is there anything else you would like to tell us?

The Senior Estates and Valuation Officer stated that ultimately, it was a matter of the Council maximising what it owns, and thus if it thought that commercial property was a viable investment, it should be investing appropriately. Members noted that industrial property in this area was a relatively safe investment.

The Committee was informed that a recent asset management survey had been undertaken. Members enquired about occupancy of the units, and how much this fluctuated in times of economic downturn. The officer stated that during the recession of 2008/2009 occupancy rates had reached as low as 60% , but had now recovered to near full occupancy. He felt that more funding would allow the Council to compete during periods of low demand.

Members discussed security issues, and the need to prevent criminal activity and damage. It was agreed that security should be made a priority.

Members thanked the officer for his time, and his contribution towards the Scrutiny Review.

The officer then left the meeting.

575 Scrutiny Review – Write Ups

Write ups

The Committee considered evidence that was gathered including interviews as part of the review of Business Centres and Industrial Units. A number of both strengths/good practice and areas for improvement/recommendations were identified.

Strengths/good practice

- The use of letting agents.
- The Asset Management Survey.
- Good Council Facilities.
- Trust when dealing with the Council.
- The management were accessible to tenants.
- The reception at Coney Green had 24 hour cover.

Areas for improvement/recommendations

- The main market should be industrial and not retail.
- The Council should look to increase its ownership of industrial properties where appropriate.
- There should be more branding of the Council's name on its sites and letting boards should be used when units are available.
- Improve the security of sites – based on their needs.
- There should be a mission statement so officers have a clear steer from Members on what they want from this service.
- Performance monitoring – those properties that haven't been let should be highlighted to see whether any actions would lead to them being let.
- There should be a survey of industrial units to get an idea of what tenants think of the service.
- There should be a comparison exercise with other Councils' services.
- There should be a reinvestment rate of 15-20% from income – this should be released in a phased/rolling programme.
- The use of contractors and sub-contractors should be reviewed.

576 Growth Projects Update

The Committee received a presentation from the Chief Executive Officer, outlining the Growth Scrutiny update, and the Local Enterprise Partnership (LEP) review. The Joint Strategic Director - Place and the Joint Housing Strategy and Growth Manager were also present.

Members noted details of the One Public Estate, and the funding secured for locality reviews for Dronfield, Eckington and Clay Cross town centres. The Committee also heard about projects in Egstow Park, The Avenue, Joint Ventures – Northwood Development Ltd, Ankerbold Road, and Manor Farm.

The Committee then were provided with information on the LEP review which set out details of the timescale and background and also the Government's proposed changes on composition, membership, performance and accountability and areas of overlapping geography.

Members thanked the officers for their time, and their contribution to the Scrutiny Review.

The officers then left the meeting.

RESOLVED – That the presentation be noted.

577 List of Key Decisions – Issue No 83

The Committee considered Issue No 83 of the List of Key Decisions which set out the major decisions being taken over the next few months.

RESOLVED – That the List of Key Decisions Issue No 83 be noted.

578 Work Programme

RESOLVED – That the Growth Scrutiny Committee work programme for 2018/19 be noted.

579 Additional Urgent Items

There were no additional urgent items to be discussed.

580 Date of Next Meeting

The next meeting of the Growth Scrutiny Committee is scheduled to take place on 11 April 2019 at 1.00 pm.
