

Cheltenham Borough Council
Cabinet – 6 December 2016
Council – 12 December 2016
Investment Property Portfolio

Accountable member	Councillor Rowena Hay, Cabinet Member for Finance
Accountable officer	Mark Sheldon, Director of Resources & Projects
Ward(s) affected	All
Significant Decision	Yes
Executive summary	<p>The Capital Programme sets the detailed plans for capital investment by the Authority for the period 2016/17 to 2019/20 based on the Authority's Capital Strategy.</p> <p>This report now seeks to make a further allocation to the Capital Programme from unapplied capital receipts to deliver the following key aims and priorities:</p> <ul style="list-style-type: none"> • Support new business to stimulate growth and employment opportunities; • Work with partners and the Cheltenham Development Task Force (CDTF) to regenerate sites within the Borough, including those owned by Cheltenham Borough Council; • Secure investment in the town to improve commercial and cultural heritage; • Ensure our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts and stimulates growth and investment in the Borough • Increase the proportion of total income from commercial activities. <p>In addition the report seeks approval for additional use of prudential borrowing where it is deemed to be prudent and affordable.</p> <p>This report sets out proposals to increase investment in property in response to the financial pressures to increase revenue and to stimulate and encourage business growth and sustainable development by investing in sites for economic and regeneration purposes. An initial allocation of £10 million in the Capital Programme is proposed for approval by Council and the report details the criteria for investment, the typical options available, the governance, and the available options for financing. The report also outlines the decision making process which utilises the Property Acquisition Assessment Group (PAAG).</p>
Recommendations	<p>Cabinet recommends to Council:</p> <ol style="list-style-type: none"> 1. To allocate £1 million from unapplied capital receipts to pump-prime a property investment fund, supplemented by £9m of prudential borrowing, (i.e. total allocation of £10m) subject to

using the option appraisal process at Appendix 2 and the criteria as set out in para 6.1 of this report.

2. To allocate £200k from unapplied capital receipts to fund external advisers and pre-acquisition costs.
3. A minimum of 50% of all future asset disposal proceeds be ring-fenced to enhancing the Council's land and asset portfolio.
4. The Cabinet, in consultation with the Asset Management Working Group and the Chairman of the Overview and Scrutiny Committee, be authorised to approve investments in commercial property up to £5m per transaction.

Subject to Council approving the above, Cabinet to approve the following :

- (i) The Head of Property Services, in consultation with the Property Acquisition Assessment Group, be authorised to approve the appointment of advisers to assist the Council in its investment transactions.
- (ii) Head of Property Services, in consultation with the Leader of the Council, Property Acquisition Assessment Group and other Group Leaders, be authorised to make an offer/enter into negotiations on behalf of the Council, in accordance with the Investment Property Portfolio Policy, for the purchase of suitable property or site with any such transaction being subject to completion of necessary due diligence and approval by the Cabinet and Council, depending on the acquisition value.

Financial implications	As detailed throughout this report. Contact officer: Paul Jones paul.jones@cheltenham.gov.uk 01242 775154
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<p>Legal implications</p>	<p>Powers to invest are detailed in Section 9 of the report.</p> <p>With regard to specific acquisitions, in addition to valuations, appropriate title checks and searches will take place before the Authority is committed to purchase any property, in order to ensure that the title the Authority acquires is good and marketable, with (where relevant) enforceable leases in place and the rents payable verified. Where lettings are involved in producing an income, there is always a risk that the tenant will fail, leaving the freeholder with the financial responsibility for the maintenance and outgoings of the property. The legal considerations in respect of each acquisition will be considered as part of the initial assessment process and be reported to the Property Acquisition Assessment Group.</p> <p>Contact officer: Shirin Wotherspoon shirin.wotherspoon@tewkesbury.gov.uk 01684 272017</p>
<p>HR implications (including learning and organisational development)</p>	<p>Increasing the Council's investment property portfolio will have an impact on workloads within the Property Services team who are responsible for managing the portfolio.</p> <p>Additional external resources will be required in the first instance to support property purchases and, depending on the nature of the property acquisition, additional on-going resource may be required.</p> <p>The cost of any additional resource may be funded from the rental income projected from expanding the investment property portfolio.</p> <p>Contact officer: Julie McCarthy julie.mccarthy@cheltenham.gov.uk 01242 264355</p>
<p>Property implications</p>	<p>As set out in the report</p> <p>Contact officer: David Roberts david.roberts@cheltenham.gov.uk 01242 264151</p>
<p>Key risks</p>	<p>As outlined in Appendix 1.</p> <p>Investment in property and carrying out development activities carries risks at both macro and micro levels. Property rentals, values and occupancy rates typically fluctuate broadly in line with the regional, national and increasingly, the global economy.</p> <p>The timing of acquisitions and sales can thus have a significant impact on the rate of return, as can complimentary investment in lower risk or countercyclical investments such as Private Rental Residential property.</p> <p>Historically however, property rentals and capital returns have delivered growth and as it is the Council's intention to be a long term investor it is considered that these risks can be mitigated through a balanced portfolio approach. Individual Investments will be the subject of pre-acquisition due diligence and risk assessments and monitored through the corporate risk management process.</p>

Corporate and community plan Implications	None
Environmental and climate change implications	None

1. Background

- 1.1** The Council invited the Chartered Institute of Public Finance and Accountancy (CIPFA) to review our approach to asset management in 2015. CIPFA recommended greater engagement with the Asset Management Working Group (AMWG) in considering property issues. They suggested this group could do more to challenge the portfolio and its performance and make recommendations in respect of strategic direction for the management of the Council's assets.
- 1.2** The Council, at a meeting on 4 April 2016, agreed an Asset Management Plan for the period 2016/17 – 2020/21 which included proposals for increasing the size of the investment property portfolio and set out some initial parameters and a mechanism for considering such decisions. Appendix G of the approved report (attached at Appendix 2) allowed for the creation of a Property Acquisition Assessment Group (PAAG) to consider investment proposals for recommendation to Cabinet or Council after consulting with the existing AMWG.
- 1.3** The terms of reference for the AMWG have now been revised to reflect the consideration of investment property proposals. The CIPFA review helped shape our approach to asset management and also endorsed officers' recommendations to grow the Council's investment property portfolio to support the Medium Term Financial Strategy (MTFS).
- 1.4** The Council has aspirations to grow its already successful investment property portfolio with a view to generating much needed revenue support to the Council's budget. This target is captured in (4.a) Investment Portfolio Income Generation (£300k 2018/19 to 2019/20) within the recently approved MTFS. The MTFS indicated that this will form the basis of an Investment Property Portfolio Strategy to be proposed to Council for the establishment of a £10m "pot" funded partly through borrowing to purchase investment properties with the aim of generating a return on investment, after borrowing costs, of 5%. There are options for increasing the Council's portfolio of property investments because of the potential for higher returns and the likelihood of interest rates remaining low, giving the potential to part-fund acquisitions from borrowing.
- 1.5** Cheltenham is uniquely placed to grow. The current discussions regarding the creation of a growth zone, as promoted in the Strategic Economic Plan (SEP), is seeking to ensure the availability of quality employment land in proximity to the M5 motorway, attractive to businesses and with excellent connectivity throughout Gloucestershire and the rest of the UK. This will serve latent demand in the marketplace and provide space required to enable businesses to grow; particularly in the town's margins and with the neighbouring district of Tewkesbury, which is also geographically well positioned to deliver growth development to the north-west of Cheltenham and along the M5 corridor.
- 1.6** Sustaining and growing Cheltenham's economic and cultural vitality is one of the key outcomes as set out in our Corporate Strategy. The property investment strategy will aim to support this by focusing initially on investments within or in close proximity to the Borough of Cheltenham which will help secure existing or increase business rates income.
- 1.7** The Council's AMWG will provide continual evaluation of the property portfolio to ensure that both existing and future portfolio of assets is fit for purpose and helps the Council achieve its aim of increasing income to support the delivery of services throughout the Borough.

2. The Financial Framework and Capital Programme

- 2.1** The financial framework is an integral part of our planning process and comprises a series of plans and processes which together facilitate our strategic financial planning and operational financial management. The key aspects of the financial framework are as follows:

THE FINANCIAL FRAMEWORK					
Category	Overall	Revenue	Capital	Treasury Management	Risk Management
Strategies	Medium Term Financial Strategy				
			Capital Strategy	Treasury Management Strategy	Risk Management
		Asset Management Strategy			
Guidance	CIPFA and Technical Guidance	Budget Guidance	Capital Guidelines	CIPFA Code for Practice for TM	Risk Management Guidance
Plans	Medium Term Financial Projection	Annual Budget	Capital Programme and Asset Management Plan	Treasury Policy Statements	Risk Register
Governance	Constitution and Annual Governance Statement	Quarterly Performance Reports		Prudential Indicators and Annual Report	Risk Register reporting and regular review
	Contract and Finance Procedure Rules				Audit Committee and Cabinet Reports
	Internal and External Audit Plans and our response to audit review				
Decision making	Cabinet/Council				

- 2.2** The Capital Programme is agreed by the Council annually as part of its budget setting process. The aim of the Capital Programme is to direct and link investment decisions to the delivery of the objectives as set out in the Asset Management Strategy which is linked to the Corporate Plan.
- 2.3** Despite the challenging financial climate, there is a need to commit to investment to meet the Council's aspirations and long-term requirements. Substantial investment in the Borough is made possible through the use of capital receipts realised through the sale of surplus assets, supported where necessary by affordable prudential borrowing.
- 2.4** The primary objective of the Capital Programme is to identify priorities for investment and outline how the Council will manage, finance and allocate the necessary resources.

2.5 The Capital Programme sets out how investment is funded from the following sources:

- Capital receipts: Selective disposals of surplus land and buildings to be reinvested into the capital programme in addition to the remaining unapplied capital receipts held on the Council's balance sheet.
- Prudential Borrowing: Use of prudential borrowing within strict limits and linked to revenue savings where there is a sound business case which results in a positive contribution to the MTFS.
- External fundraising: Leverage of inward investment from private and public sources e.g. lottery funds and Local Enterprise Partnership (LEP) funding.
- New Homes Bonus: Potential use of this funding stream to support one off capital investment over and above that used to support the base revenue budget.
- Section 106 Planning Contributions: Use of private sector developer contributions to fund essential infrastructure.
- Joint ventures: Levering in of private sector investment for redevelopment / investment using Council assets in order to secure a future income stream or net increase in capital value.

2.6 As at 31 October 2016, the Council held £10.347m in unapplied non right to buy capital receipts of which £9.122m has been committed to within the approved capital programme. Therefore £1.225m remains unallocated to existing schemes. The proposals for allocating of £1.2m to support key property investment aspirations are set out within this report require approval by Full Council.

3. Existing Property Portfolio

3.1 The Council currently holds a number of properties for investment purposes i.e. where the income from leases provides a valuable income stream which supports the revenue budget and MTFS. This portfolio has a current value of £35.772M (31st March 2016) and generates a gross annual return of approximately 4.22%.

3.2 Recent major property acquisitions have been made at least partially with a view to generating income for the Council. Delta Place was acquired as an income-generating investment as well as a potential new home for the Council. The former Shopfitters site in St George's Place was acquired for its medium to long term development potential. There may be other opportunities of a similar kind in the years ahead.

3.3 One of the key observations in the CIPFA review was that 'In response to cuts in core government funding an increasing number of local authorities are strategically expanding and/or developing a property investment portfolio that will provide an ongoing income stream independent of government funding'.

3.4 In response to the guidance provided by the Council's external auditors and the legal implications detailed in section 9 below, the Cabinet Member for Finance and officers are proposing that the Council actively seeks to increase the size of its investment property portfolio to support the MTFS, using the process for decision making and parameters as set out in Appendix 2 of this report and referenced within the approved Asset Management Plan (AMP). This proposal is recommended for both Cabinet and Council approval.

4. Developing the Council's Property investment Portfolio

4.1 The Council can increase its exposure to property investments in a variety of ways. However, the Council must consider the options in the light of the powers available to the Council which are detailed in section 9 below within legal implications.

- 4.2** The Council may hold property assets directly or indirectly. Direct property investment gives the Council full control over the property and responsibility for its management. Indirect property investment could take the form of either setting up a wholly owned local authority trading company, or forming a joint venture with another property investment company.
- 4.3** Appendix 3 considers the relative benefits and limitations of six investment options although it is intended that the immediate focus will be through direct investment and joint venture with neighbouring councils of existing assets i.e. the proposal focuses activity on options 1-2.

5. Reasons for developing the Investment Property portfolio

- 5.1** The prime purpose of the initiative is to generate income i.e. contributing to a financial 'future-proofing' effect, underpinning financial security for the Council by providing further income independent of government funding or Council Tax revenues to fund activities. Hence, the investment focus will be on the most appropriate method of delivering income, rather than on location.
- 5.2** In some cases investment assets also offer the potential to unlock future development opportunities; support the place making strategy; assist the economic well-being of the borough, increase business rates income and provide extended services. We may therefore need to consider opportunities with our neighbouring authorities to unlock these potential development opportunities, e.g. development to west Cheltenham.

6. Options appraisal

- 6.1** In determining whether to proceed with a purchase to increase the size of its investment property portfolio to support the MTFs, the options will be appraised using the eight criteria set out in Appendix 3. In addition the following due diligence tests must be applied:
- Must satisfy borrowing criteria powers, e.g. PWLB, prudential borrowing.
 - Must satisfy legal powers of the Council for property investment.
 - Must make a positive contribution to the MTFs and aim for a net return of 5%.
 - Acquisition cost must be in line with a commercially acceptable valuation.
 - Minimal tenant risk / strong covenants – so other local authorities, Primary Care Trust or similar.
 - Properties in generally good condition on full repairing and insuring leases.
 - Single let or multi let, but preference away from management intensive properties.
 - The on-going revenue costs are contained within an approved budget which has been confirmed as appropriate by the Section 151 Officer, and an appropriate budget is approved by Full Council.
 - Where acquisitions will result in an asset to be recognised on the Council's Balance Sheet; the purchase must be subject to an approved capital budget by the Cabinet or Council in accordance with the Financial Rules and/or any delegated authority.
 - VAT has been considered and GO Shared Services have been consulted on the implications on VAT and that these are included in the Capital Scheme Investment Decisions and Assessment Process.
 - Leases should be classed as operating leases rather than finance leases to ensure that all rental income can be treated as revenue income (rather than a mix of capital and revenue).

7. Financial Proposal

- 7.1** It is being recommended that £1m of unapplied capital receipts (representing 10% of the total allocation) be allocated as pump-priming to allow the Council to increase income through strategic property investment, in response to the current financial pressure, reducing the reliance on Government grant by building asset and investment portfolios that provide a commercial return. It is further proposed that £9m prudential borrowing may be utilised where it is considered prudent and affordable, satisfies the above criteria, and aims to generate a return on investment of 5%. The authority will be required to make a prudent Minimum Revenue Provision (MRP) to cover the whole debt (with payments over the projected life of the asset). This MRP payment will impact on the return available. Such cases will thus need to be assessed on individual merit as there may be a more suitable vehicle for purchasing/developing these options.
- 7.2** It is further proposed that given the need to act swiftly when appropriate opportunities arise, authority to agree the detailed terms of any acquisition or sale will be delegated to the Head of Property Services, following consultation with the Leader of the Council, Property Acquisition Assessment Group (PAAG) and other Group Leaders. The purchase and completion of suitable commercial property will be subject to ratification by the Cabinet or Full Council following consultation with the AMWG.

8. Prudential Borrowing

- 8.1** The Prudential Code for Capital Finance in Local Authorities commenced throughout Great Britain in April 2004. The code allows a council to undertake unsupported borrowing to meet its objectives if this is considered to be affordable, prudent and sustainable, measured using prudential indicators. The code enables authorities to take greater control of their investment in capital assets such as housing, office accommodation, and infrastructure which are central to the delivery of quality local public services. The arrangements provide a flexible framework within which they can be procured, managed, maintained and developed.
- 8.2** As such, under prudential borrowing, the amount of debt and other liabilities most local authorities can incur is no longer capped by an upper limit, however, the Council needs to demonstrate that its capital investment plans are affordable, prudent and sustainable.
- 8.3** Prudential indicators in respect of external debt must be set and revised taking into account their affordability. It is through this means that the objectives of sustainability and prudence are addressed year on year. Each year an Authorised Limit is set by a formula basis which becomes the legal borrowing limit. This limit should never be breached.
- 8.4** When considering the potential use of prudential borrowing, the Council must satisfy itself that the borrowing will be undertaken to deliver specific corporate priorities or be used to finance projects which will provide on-going revenue savings in excess of the financing costs (invest to save). The Council can generate significant capital receipts through the sale of under-performing surplus assets and, with diminishing capital resources at its disposal, this provides a significant opportunity to deliver the Council's key aims and objectives.
- 8.5** An emerging message from the decision to leave the European Union ("Brexit") is that interest rates may remain low for a sustained period of time. Whilst the Council has access to loan institutions such as the Public Loans Works Board (PWLB) and the money markets, the Council may consider the use of internal borrowing as being a far more prudent source of finance.
- 8.6** Internal borrowing is defined as the use of internal Council funds set aside for projects or future liabilities that are not expected to be expended or crystallised in the current financial year, to temporarily fund projects not previously budgeted, as an alternative to external borrowing. These

funds include day to day cash-flow from the receipt of Council Tax and other revenues, unapplied capital receipts, General Balances and Earmarked Reserves which are currently being invested in term deposits and money market funds at low returns. Given that the intention of the Treasury Management Strategy is to provide security of investment and minimisation of risk it is currently considered more cost effective to use 'internal borrowing' to fund an element of the capital programme rather than borrowing from the PWLB so long as there is a clear strategy for 'repaying' this internal borrowing in future years through its Minimum Revenue Provision (MRP).

The Council maintained an average balance of £23.109m of internally managed funds during 2015/16. The internally managed funds earned an average rate of return of 0.65%. The comparable performance indicator is the average 3 month LIBID (London Interbank Bid) rate which was 0.44% for the same period. The projected level of investment interest in 2017/18 is forecast to be c.£100,000 at an average rate of less than 0.5%. In 2008/09 the budgeted level of investment income from internally managed funds was in excess of £1.5m.

- 8.7 The Council should note that use of prudential borrowing to finance its capital programme will require the authority to make a prudent Minimum Revenue Provision (MRP) to cover the whole debt (with payments over the projected life of the asset). If property investments are purchased through prudential borrowing, this MRP payment will impact on the return available and such cases will therefore need to be assessed on individual merit as there may be a more suitable vehicle for purchasing/developing these options.

9. Legal Implications

- 9.1 The Authority has the following powers to invest in commercial property.

(i) Power to Invest

Pursuant to the powers set out in section 12 of the Local Government Act 2003, the Council may invest for the purposes of the prudent management of its financial affairs. There is some uncertainty with regard to the use of this power to invest in property outside the administrative boundaries of the authority and so a more cautious approach would be to undertake that investment through a trading company set up by the authority.

(ii) General Power of Competence

- 9.2 Section 1 of the Localism Act 2011 gives the authority a general power to acquire property, including investment properties and also a general power to borrow but is under a general duty to act prudently (Local Government Act 1972). This power has encouraged councils to develop new and innovative business models because it gives councils the powers to do anything that a private individual of full legal capacity may do which are "for the benefit of the authority, its area or persons resident or present in its area".

(iii) Power to undertake an activity for a commercial purpose

- 9.3 Section 95 of the Local Government Act 2003 gives councils the power trade commercial through a trading company (to be distinguished from a 'teckal' company). There will be attendant corporation and income tax liabilities which will need to be addressed in a business case. The formation of a company would require the preparation of a thorough and detailed business case and these and other considerations, such as the financing of the company and any state aid issues, would need to be addressed in that document.

9.4 Other Guidance

The LGA has issued guidance and developed a microsite setting out current and good practice, with case studies showcasing a variety of funding options and routes to market which may or may not require borrowing. Furthermore, the **Public Services (Social Value) Act 2012** also affords councils the power, and indeed responsibility, to consider wider public value aspects as a commissioner of products and services (e.g. living wage, local SME supplier and apprenticeships, environmental protection, etc.)

9.5 Social value - The Cabinet Office has also shared current and good practice with respect to social value, with case studies demonstrating why and how councils are striving to secure multiple outcomes for the same spend through responsible procurement.

9.6 In addition to the powers to invest in commercial property the authority will need to take into account, specific legal, regulatory, tax and procurement ramifications for the authority's asset management and commercialisation plans (e.g. SDLT, VAT, and State Aid).

10. Resourcing Implications

10.1 The existing Property Services team is a small team with 12.22 FTE's (consisting of 4 in Building Maintenance, 2.44 in Estates, 3.04 Cleaners, 1.74 Admin Support and 1 Head of Property) managing the Councils existing property portfolio including undertaking regular valuations, disposals rent reviews and lease renewals, managing property surveys and maintenance programmes, delivery of capital schemes together with landlord and tenant related matters and general estate management.

10.2 Increasing the Council's investment property portfolio will have an impact on workloads on the team.

10.3 Additional external resources will be required in the first instance to support potential acquisitions. In future, there may be a requirement for additional resources to manage the portfolio and its expansion. This may be either through the use of external contracts with property management companies or through the addition of a further new post(s) particularly in estates, depending on the nature (size and complexity) of any property acquisition. The cost and funding for which would be built into any business case for acquisition and therefore may be offset by rental income projected from expanding the investment property portfolio.

10.4 Additional resources will also be required for One Legal and maybe required for GOSS.

11. Consultation

11.1 The Councils AMWG considered and supported the AMP which was approved by Council on 4 April 2016 and included the proposal to develop the Council's investment property portfolio and the mechanism for making such decisions. An extracted Appendix G from the approved AMP is attached at Appendix 2. Members have been keen to see the Council make progress in this area of activity.

11.2 Members of the AMWG will play a key role in considering any future acquisition proposals prior to any formal decision making, as outlined in Appendix 2.

12. Reasons for Recommendations

12.1 To allow the Council to increase income through strategic property investment, in response to the current financial pressure, reducing the reliance on government grant by building asset and investment portfolios that provide a commercial return which supports the MTFS.

12.2 The holding of property assets in a wholly owned property company may enable greater freedom and flexibility of the decision making process and the ability to trade the assets. This could potentially deliver higher levels of net returns. However, there are significant risks and set up costs involved, the company would be subject to corporation tax and incur higher financing costs than if the asset investment programme is undertaken directly. The Council would also need to be aware of state aid issues in relation to the funding of the company. Although there is the potential for higher returns, there is also the potential for significant losses. This report, therefore, is not recommending the creation of a wholly owned property company and proposes investment within the administrative boundaries of the authority.

13. Conclusion

13.1 The Council's MTFs projections show that over the period 2017-18 to 2019-20 the Council has a budget shortfall totalling £3.189 million. To address the budget shortfall the Cabinet established a programme of strands to deliver a balanced budget over the next 3 years, one of which is economic growth and investment.

13.2 Allocating a further £10 million for asset investment within the Council's general fund capital programme could increase the Council's annual income by approximately £0.5 million per annum, assuming a net 5% return on property investments is achieved. This additional income will help to reduce the Council's budget shortfall.

Report author	Contact officer: Paul Jones paul.jones@cheltenham.gov.uk, 01242 264125
Appendices	Appendix 1 – Risk Assessment Appendix 2 – extract from AMP (Council 4/4/16) - Investment Property Portfolio Policy and Decision-Making Process Appendix 3 – Property Investment Fund Options Appraisal
Background information	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	If the Council does not increase the size of its investment portfolio, then it will not deliver its MTFS target of £300k p.a. by 2019/20.	Director of Resources & Projects	24 November 2016	4	3	12	Reduce	Cabinet / Council to approve the principles and [parameters for investment decisions.	31/3/20	Head of Property Services	
2.	If property investment decisions do not result in expected returns then the MTFS targets may not be realised.	Director of Resources & Projects	24 November 2016	3	3	9	Reduce	Undertake sounds due diligence of assessment of property yields, are secure and liquid.	31/3/20	Head of Property Services	
3.	If investment decisions are not successful then the Council may be exposed to financial and reputational risk.	Director of Resources & Projects	24 November 2016	3	3	9	Reduce	Undertake thorough due diligence assessment to ensure that acquisitions meet the prudential code criteria of being affordable, sustainable and prudent with the support of external expertise as necessary.	31/3/20	Head of Property Services	
4.	If suitable investment properties are not available to purchase,	Director of Resources & Projects	24 November	3	3	9	Reduce		31/3/20	Head of Property Services	

	then the Council MTFS and economic regeneration aspirations will not be achieved.		2016								
5.	If the Property team has insufficient capacity to manage the workload to create the portfolio, then this may lead to poor decision making and opportunities being missed.	Director of Resources & Projects	24 November 2016	3	3	9	Reduce	Review capacity of team periodically.	31/3/20	Head of Property Services	
6.	If there is insufficient resource / capacity to manage investment property portfolio, then financial return will not be achieved and the asset value may not be maintained.	Director of Resources & Projects	24 November 2016	4	3	12	Reduce	Review capacity of team periodically.	31/3/20	Head of Property Services	
7.	If interest rates rise, this may impact on the net returns from the investment property portfolio.	Director of Resources & Projects	24 November 2016	4	3	12	Reduce	S151 to regularly review interest rates and borrowing options to reduce exposure to potential rising interest rates in the application of the Council's treasury management strategy.	31/3/20	Section 151 Officer	