

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 5 November 2015

Councillor Phil Bale
Council Leader,
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County Hall
Cardiff
CF10 4UW



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Neuadd y Sir
Caerdydd,
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Dear Councillor Bale,

**Policy Review & Performance Scrutiny Committee: 3 November 2015
Non Operational Investment Property Estate**

On behalf of the Policy Review and Performance Scrutiny Committee my sincere thanks for facilitating consideration of the Council's proposals for dealing with its Non Operational Property on 3 November 2015. Members welcomed the opportunity for pre-decision scrutiny of the proposed governance of our estate, and following their discussion at the Way Forward have asked me to pass on their comments and observations.

Firstly, the Committee wishes to highlight the risk to income of disposing of capital assets. Members were reassured that the new strategy is focussed on generating more money, and the new Investment Estate Board will dispose of a property only where its yield is currently poor. They note the key principles, that where the Council sells a non operational property the proceeds will be ring fenced to remodel existing properties, or purchase new properties with the potential to generate higher rents; and where the yield on a property is good the Investment Estate Board will retain it. Members were also particularly reassured to hear that all Council owned buildings with a community value will be retained within the Operational Estate.

Members wish to take up your offer to report annually on the performance of the Investment Estate Board to this Committee. It is clear that accountability for decisions taken by the Board will sit with professional officers advised by commercial advisers, reporting to yourself, with an annual report of its activities included in the Council's Asset Management Plan programmed for Cabinet consideration. As these properties will be assessed to have no ward Member or community implications, the

Committee's interest will be in the performance of the Board in maximising income from the Council's estate. We would therefore expect to have sight of an annual cash flow statement that details all sources and allocation of funding on Non Operational Property.

When the Committee scrutinises the Investment Estate in the future it will be seeking reassurance that an ethical and community focussed framework for investment has been implemented, and will be looking for a fuller explanation of how the new Investment Estate Board is identifying new assets. It will also seek to consider disposal case examples from the list of investment properties, to reassure itself that the framework is being adhered to.

The Committee feels it is important to preserve the quality of the public realm in prominent locations. It urges that all opportunities for the Council to control development on such sites the Board decides to sell seeks to prevent over development with bland options, as often characterised by student accommodation developments. Members take on board that most property is sold as an investment in a going concern, and any constraints the Council impose will impact on the income generated. They were therefore pleased to hear you are committed to protecting future opportunities to preserve quality of life in Cardiff and maintain the City's liveability profile.

Similarly they feel Cardiff is still short of hotel space, and when you consider selling such property would urge you to preserve some control over the site's future use. The Committee fully endorses the retention of some public houses for income purposes, and others for community benefit.

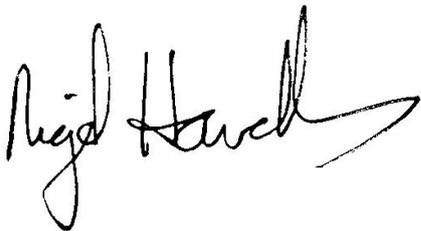
The Committee is pleased to hear that the estate is currently generating a good income, and that the new proposals will refine the Council's ability to develop its property portfolio to a point where it makes money. However it feels the timescales for implementation remain unclear and will retain a close watching brief.

To re-cap, the Committee will be pleased to receive:

An annual report to the Policy Review & Performance Scrutiny Committee on the performance of the Investment Estate Board; supported by a cash flow statement outlining all sources of income and allocation of funding.

Finally, on behalf of the Committee, I wish to thank you and the officers for your continued support for the internal challenge of important issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Howells', with a long horizontal flourish extending to the right.

**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc

Members of the Policy Review & Performance Scrutiny Committee;
Neil Hanratty, Director of Economic Development
Helen Jones, Corporate Property and Estates Manager
Gareth Newell, Head of the Cabinet Office;
Joanne Watkins, Cabinet Business Manager;