

Report to: Asset Management Forum



Date of Meeting 4 December 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

---

## General Fund Let Property Portfolio Overview

### Report summary:

The purpose of the report is to give members of the Forum an insight into the make-up of the let portfolio and an understanding of the income produced by the different asset types within the Council's ownership. It forms a key dataset in helping inform the Council's new Asset Management Plan.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

That Asset Management Forum note the content of this report and use it, in part, to inform the development of the new Asset Management Plan.

### Reason for recommendation:

To ensure members of the Forum have a greater understanding of the General Fund Let Property Portfolio.

Officer: Rob Harrison, Senior Estates Surveyor

---

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Communications and Democracy
- Economy
- Finance and Assets
- Strategic Planning
- Sustainable Homes and Communities
- Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk

**Links to background information**

Link to [Council Plan](#)

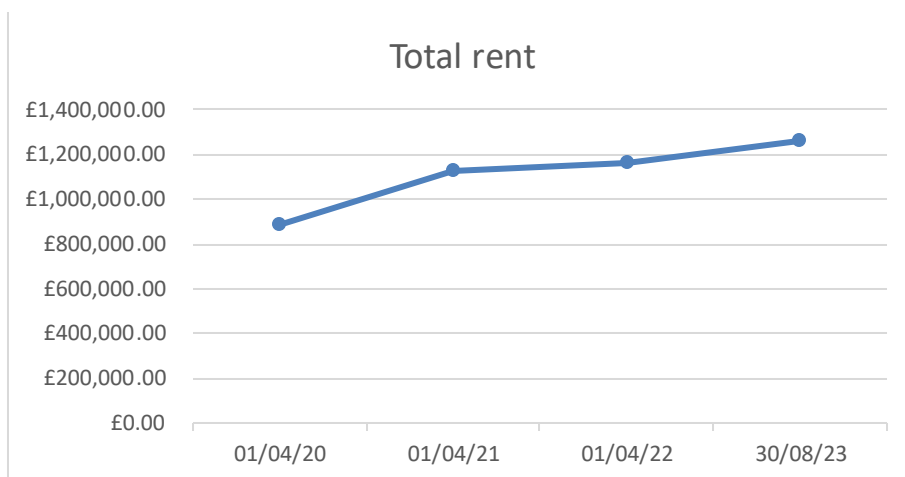
Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

---

## Report in full

1. The Council's general fund, let property portfolio consists of 380 leased properties or sites across the district producing an overall rental income of £1,260,794. This overall income has grown steadily in recent years and this growth is shown in the chart below.

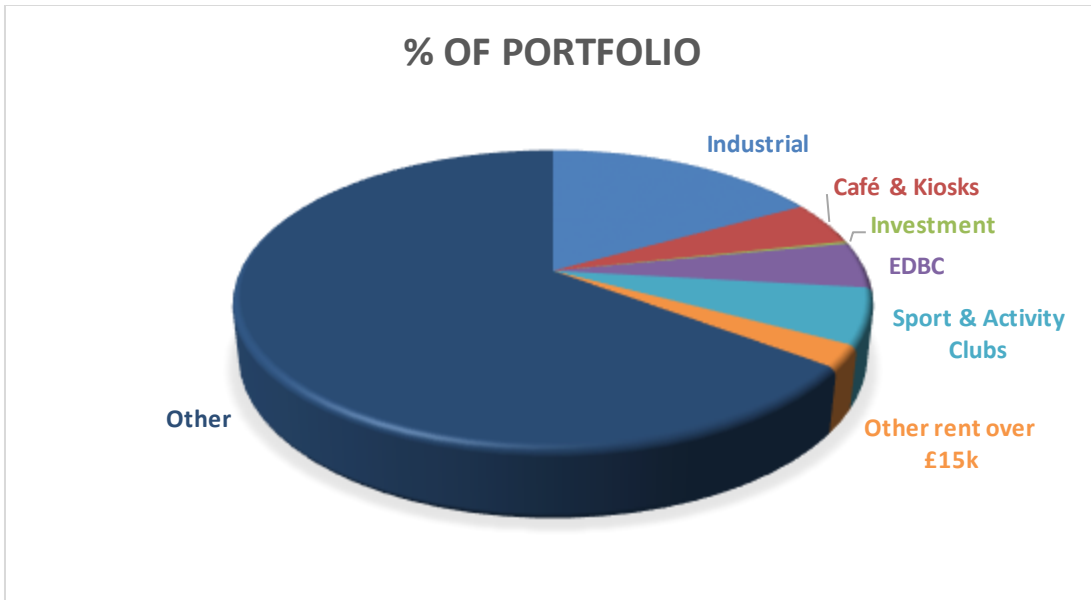


2. The portfolio is made up of a wide range of property types and for the purposes of this report we have grouped these into the following categories
  - Industrial
  - Cafes & Kiosks
  - Investment
  - East Devon Business Centre
  - Sports & Activity Clubs
  - Properties/Sites with rental income greater than £15,000 which don't fall into the categories above eg Cinemas & Caravan Park
  - Other

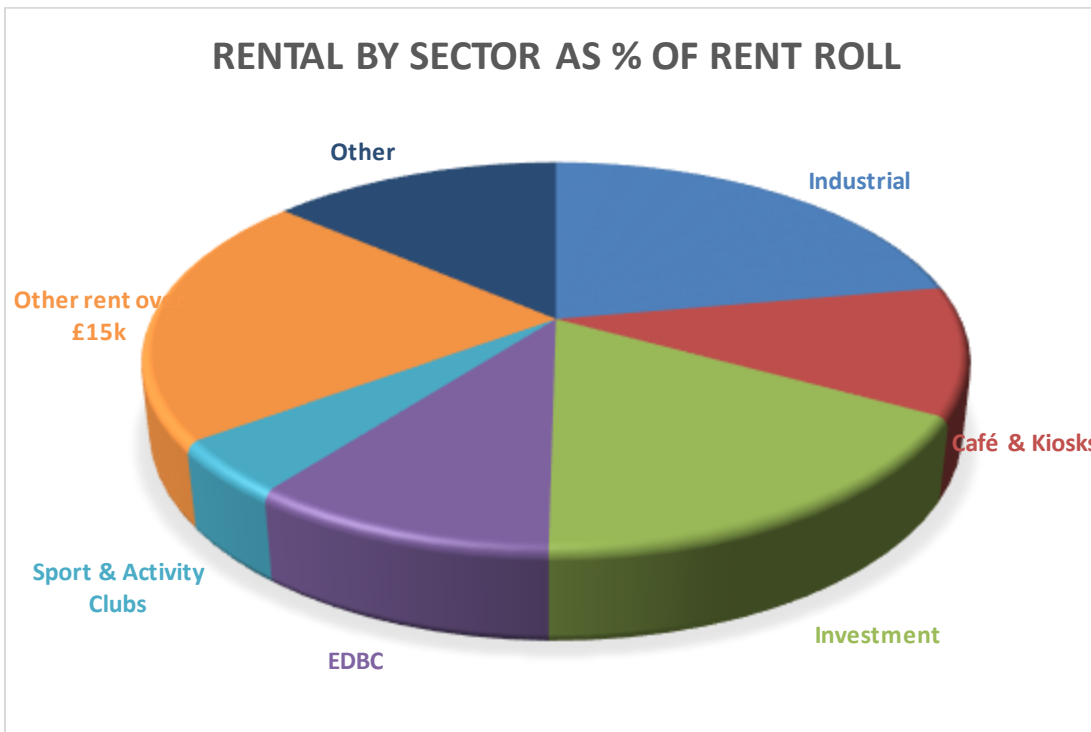
In terms of the number of properties within each category these are as follows:-

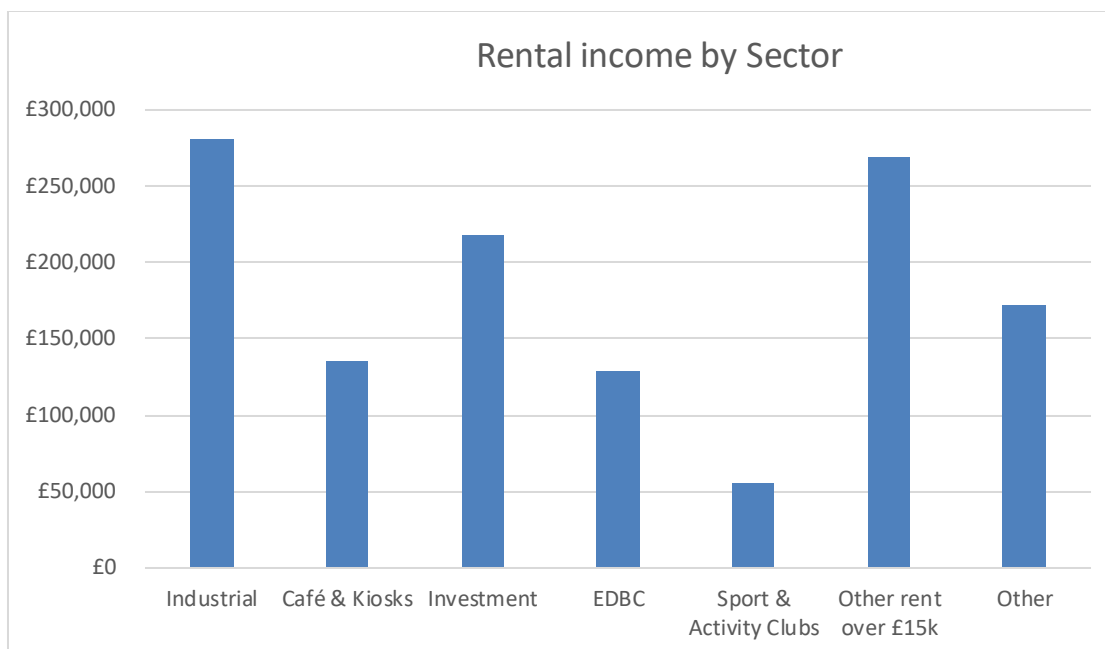
Category	Number
Industrial	64
Cafés & Kiosks	18
Investment	1
East Devon Business Centre	19
Sport & Activity Clubs	23
Properties With Rental over £15,000	9
Other	246

The Chart below shows these categories as a % of the portfolio



3. As can be seen from the information above the majority of the portfolio falls into the category of other. This category includes a wide range of properties/sites including leisure centres, concessions, lettings within car parks, licences and miscellaneous buildings which are let.
4. Due to the number of properties within the “other” category, management of these leases is time consuming and takes up a great deal of resource, however the income they produce is relatively small as a proportion of the income from the portfolio. The income produced by each category as a % of the overall rent roll, is shown in the charts below.





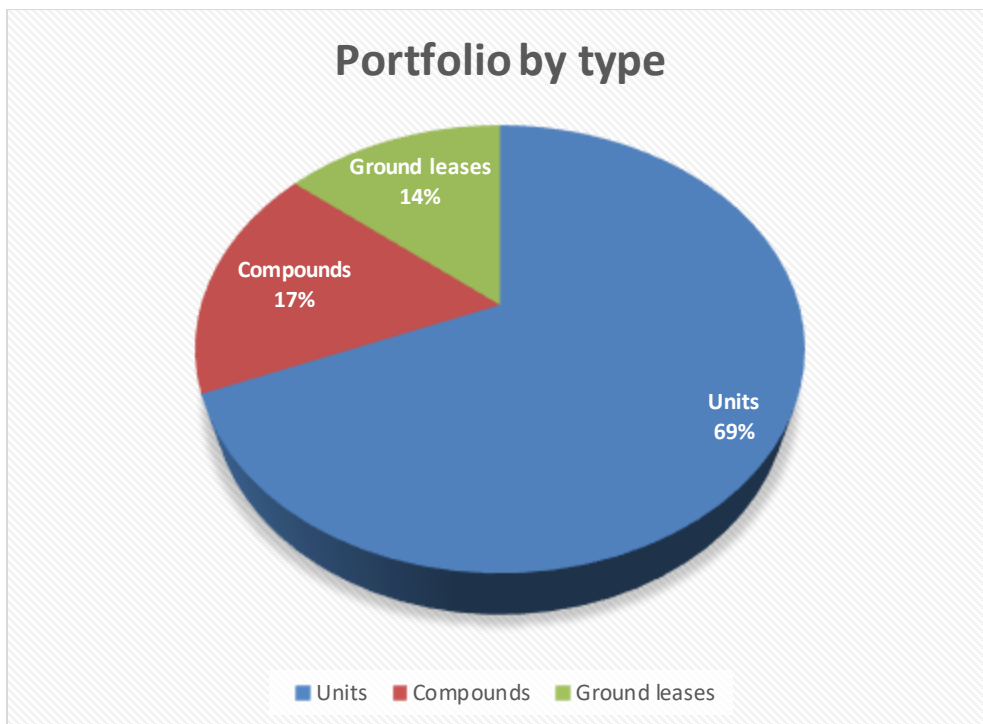
5. As can be seen from the charts, whilst the industrial portfolio makes up 17% of the portfolio in terms of number of units, it produces the highest overall income of over £280,000. Similarly whilst investment properties make up only 0.3% of the portfolio, the income accounts for 17% of the overall rent roll. Despite representing 65% of the portfolio, other accounts for only 14% of the overall income.

## 6. Industrial

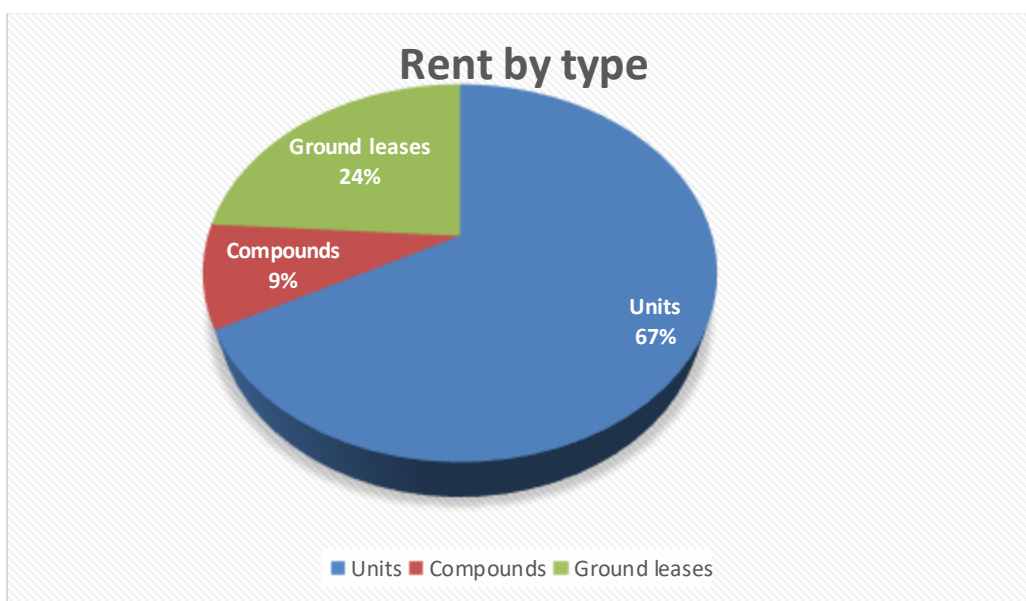
The industrial portfolio is made up of 64 properties spread over 9 sites across the district.

Site	Workshops	Compounds	Ground Leases
Manstone Workshops	9	1	0
Riverside Workshops	13	0	0
Salterton Workshops	9	0	0
Salterton Road	0	0	5
Pankhurst Close	0	0	4
Millwey Rise	10	0	0
Durham Way	0	6	0
Riverside Compounds	0	4	0
Marpool Workshops	3	0	0

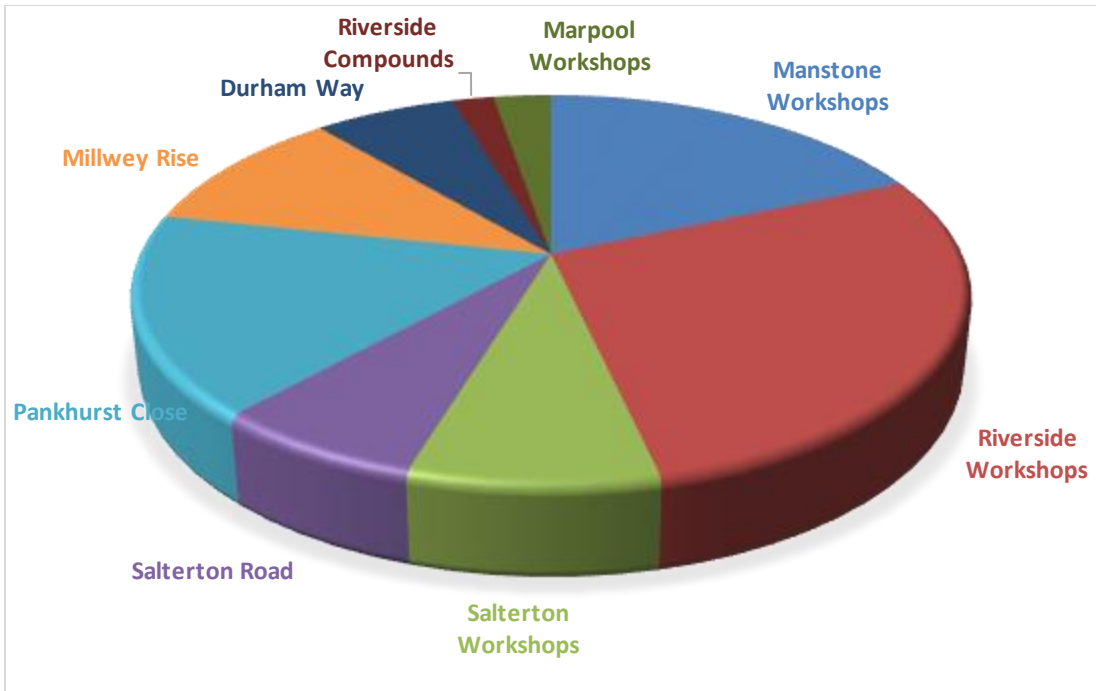
The properties comprise a mix of workshop units, fenced compounds and long ground leases. The different types of properties as a proportion of the industrial portfolio is shown in the chart below with workshop units making up 69% of the properties, compounds accounting for 17% and ground leases 15%.



In terms of income, the workshop units account for 67% of the industrial portfolio income, which broadly mirrors the proportion of the portfolio they account for with ground leases giving 24% and compounds 9%. This is shown on the chart below.



The split of the income from the Industrial portfolio is shown in the chart below which shows that Riverside Workshops produces the highest income with the £78,575 reflecting 28% of the overall industrial income. The Workshops and compound at Manstone Workshops generate £51,640 which is 18% of the overall industrial income and the ground leases at Pankhurst Close provide £46,620 or 17% of the industrial income. Marpool Workshops on the other hand provides just 3% of the overall industrial income.

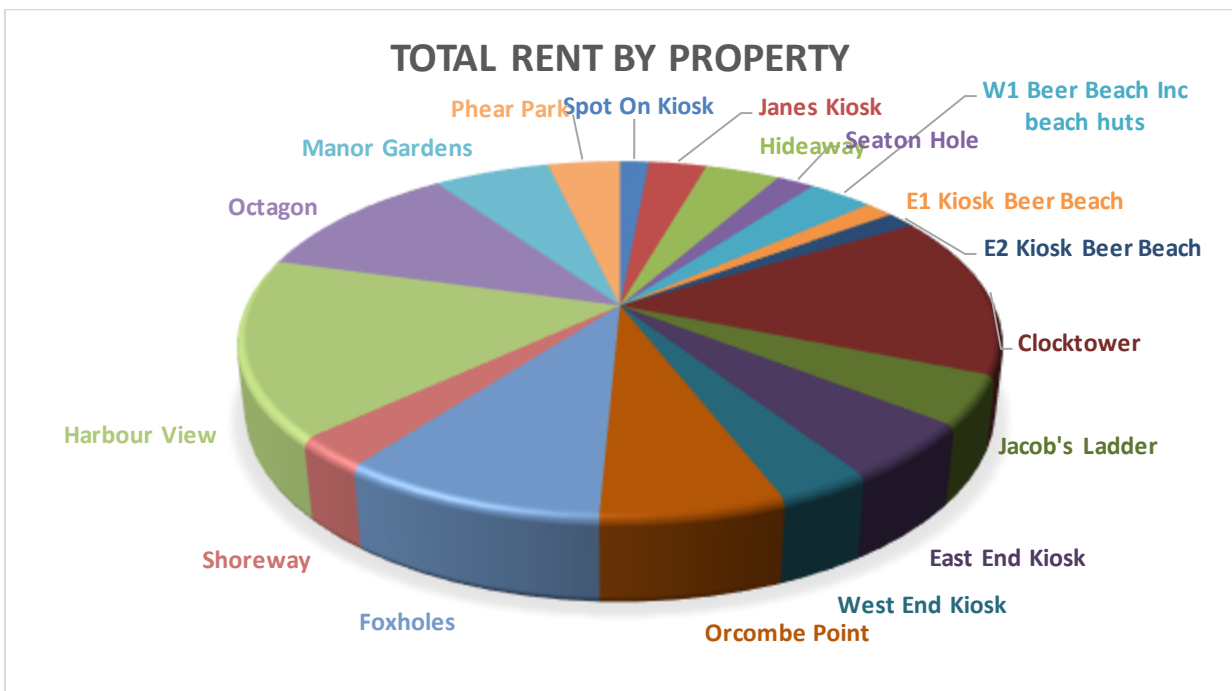


Consideration should be given to the lower income producing sites within this element of the portfolio to look at whether there is an improvement or alternative use which may increase income or whether a disposal of the property may be an option.

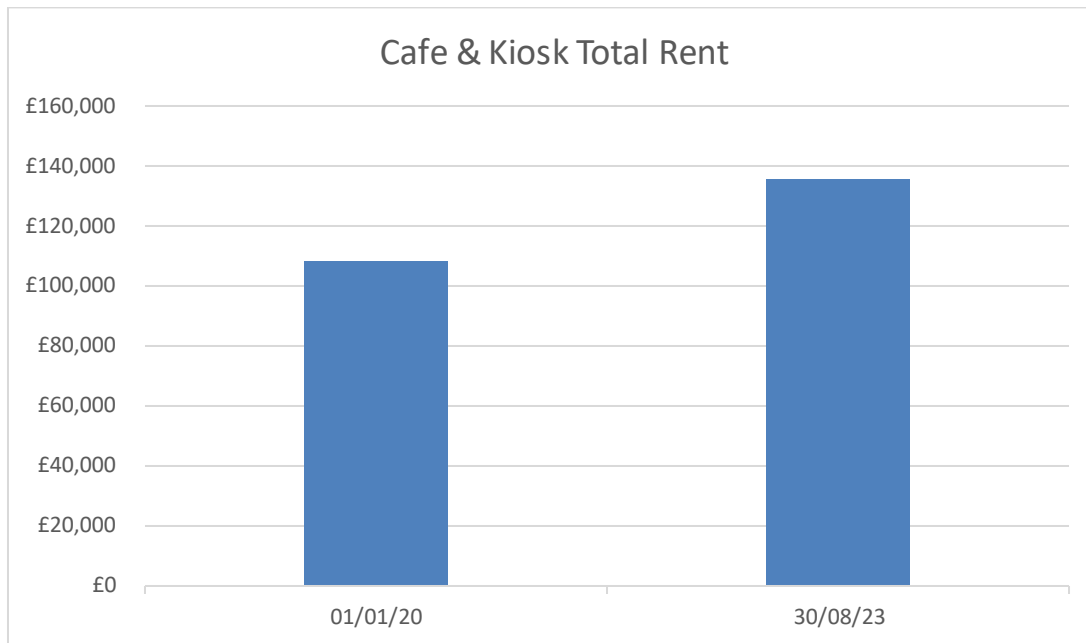
### 7. Cafés & Kiosks

The Café & Kiosk portfolio is made up of 18 properties producing a rental income of £135,550 which accounts for 11% of the overall rent roll. The category is made up of a mix of different styles of property ranging from cafes with internal seating areas through to refreshment kiosks and sites for catering units.

The chart below shows the split of income across the category



The overall rent for this category has increased by around £27,000 in the past 3 years, with further lease events due in the coming year. The chart below shows the increase in overall rent from this category in the past 3 years

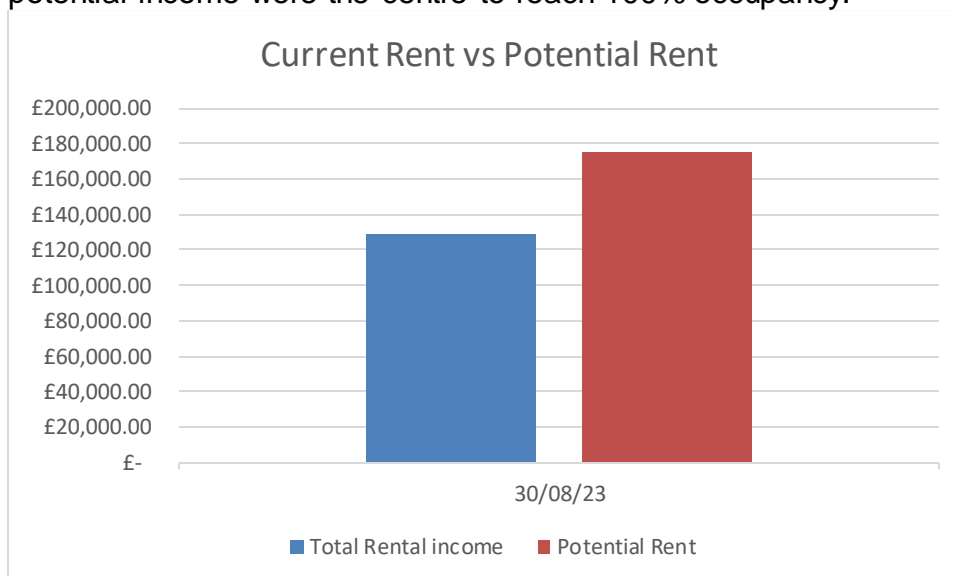


### 8. Investment

The investment category contains just 1 property, Ocean in Exmouth however this category accounts for 17% of the overall rent roll so is a valuable part of the Portfolio. The Ocean building provides a steady rental income with index linked 5 yearly rent reviews.

### 9. East Devon Business Centre

The business centre comprises serviced office accommodation with 19 lettable units and conferencing facilities. The property currently produces an income of £128,952 however there are vacant units in the centre and the chart below shows the current rent against potential income were the centre to reach 100% occupancy.



The key priority with this site is to let the currently vacant office space to ensure the higher potential rental level is achieved.

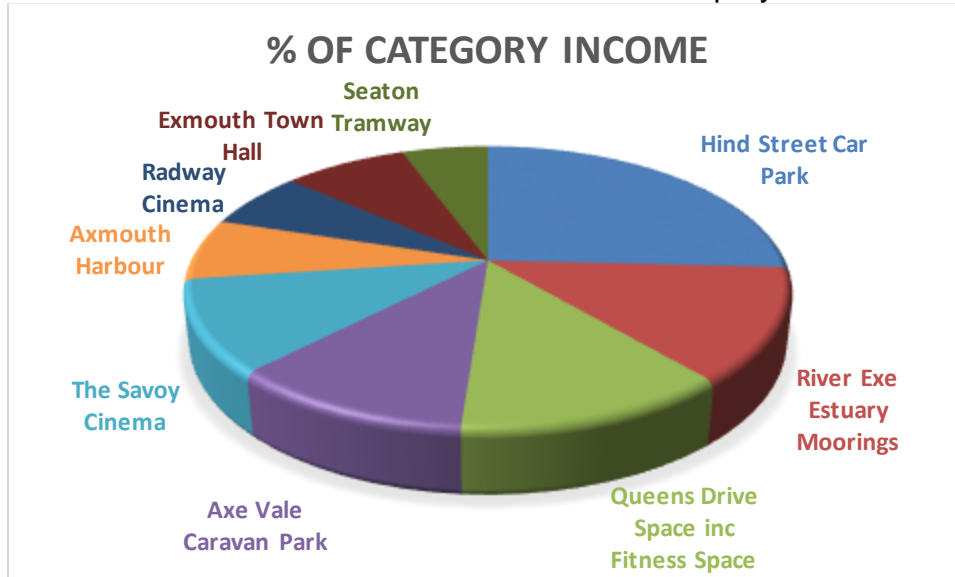
## 10. Sport & Activity Clubs

The sport and activity club sites comprise uses such as sports grounds, cadet halls and scout huts. There are 23 sites which make up this category with the overall rental income from these properties currently being £62,338 per annum which accounts for 4% of the overall rental income.

## 11. Other income over £15,000

This category comprises 9 properties which don't fall into any of the categories already mentioned. These properties account for 21% of the overall rental income despite only making up 2% of the portfolio in terms of number of properties.

The chart below shows how the income is made up by the different properties.



## 12. Other

The remaining let properties make up 65% of the portfolio in terms of number however account for just 14% in terms of income. The properties within this category typically have a relatively low rental value, however can require as much or more resource in terms of management.

Having a new Asset Management Plan will facilitate a better understanding as to why these properties are held will enable better strategic decisions to be made moving forward.

Further consideration should be given to disposals of properties within this category (in some circumstances through the Community Asset Transfer process) to free up resource to maximise the potential of the higher income producing elements of the portfolio.

---

### Financial implications:

There are no direct financial implications in the recommendations of the report but the contents of the report and its relevance to the Council Financial Sustainability Model and merging Asset Management Plan are important.

### Legal implications:

The information provided in this report will help to inform the Council's Asset Management Plan moving forward.



