

Briefing Note to AMF on 2nd September 2019

Update on Delivery of Commercial Investments in accordance with adopted Commercial Investment Framework

Objective

Through commercial investment in line with adopted Commercial Investment Framework (CIF) deliver nett income of:

£50,000 in 2019/20
£300,000 in 2020/21
£50,000 in 2021/22
£50,000 in 2022/23

The CIF requires updates to be issued to AMF meetings limited to non-commercially sensitive material only. At the June meeting there was insufficient activity to generate a report but from this point forwards reports will be presented to AMF.

Current Work Streams

1. Acquisition of Property A (details commercially sensitive pending completion of transaction).
 - Less than £5,000,000
 - Property Investment Decision Making Group met on 5th June, considered a Full Business Case and on 11th June DCEO authorised the investment subject to various conditions specifically placed on vendor along with usual due diligence and conveyancing.
 - EDDC Legal Team instructed.
 - Circa 6 week period (est) to complete conveyancing – target date for acquisition therefore late September but dependant on vendor. Assuming completion within this timeframe and minimal repair liabilities for remainder of this financial year then on target to generate the £50,000 nett income required for 2019/20. Slippage of completion date will be of concern, likewise should the acquisition not complete.
2. Acquisition of property B (details commercially sensitive).
 - More than £5,000,000
 - Outline Business Case being prepared by consultant before being considered by Investment Assessment Team
3. Discussions with various developers within East Devon
 - No current opportunities to invest and market unlikely to change until after Brexit.
 - Monitoring of a number of potential opportunities.
 - Unlikely to generate an income until 2021/22 at earliest.

4. Discussions with Exeter Science Park
 - Possible opportunities being explored currently.
 - Unlikely to generate an income until 2022/23.
5. Approaches direct to commercial agents
 - Engaged 4 national agents with local presence to identify investment opportunities – both opportunities being marketed but also opportunities off-market.
 - Feedback so far is that there are no such suitable investment opportunities currently being marketed within East Devon boundaries and that the investment market generally across the wider south west is subdued due to uncertainties around Brexit. Now exploring opportunities off-market.
6. EDDC site at Hayne Lane, Honiton
 - Now progressing work towards master planning
 - Unlikely to generate income until 2022/23 at earliest.
7. EDDC investment opportunities in own assets
 - Foxholes Beach Chalets – Feasibility under way but unlikely to generate income until 2021/22.
 - Beach Huts and Beach Hut Sites – Feasibilities under way but unlikely to generate income until 2021/22.
 - Harbour View Café site – Possible investment opportunity alongside phasing of works at Queens Drive Space
8. EDDC investment in Cranbrook Town Centre
 - Being considered but unlikely to generate income until 2022/23 at earliest.

Summary of Current Position

- As at the date of this Briefing Note the income requirement for 2019/20 is dependent on completion of acquisition A.
- For 2020/21, identifying opportunities for income generation is proving challenging. It is likely the investment will need to be found off-market and be oven-ready i.e. a purchase of an investment with an existing income stream. At this stage we are confining our search mainly to the East Devon boundaries as per Members initial direction but this might need to flex over coming months. If so, a detailed Briefing Note will come forward setting out the reasons for doing so and seeking support of the Investment Assessment Group.
- A number of potential opportunities identified for investments in 2021/22 and beyond.

Tim Child
Senior Manager – Property & Estates