

## **REGENERATION TEAM BUSINESS PLAN 2018/19**

Our business plan is a simple and clear document that raises our profile and explains 'what we do' to our members, tenants and other LCC departments.

It will be a useful document for new members of staff and newly elected councillors to understand what we do and how we do things, and what our skills, knowledge and experience are.

### **The Role of the Regeneration Team**

The Regeneration Team is one of 7 teams within the Economic Development Team (ED) and is responsible for the proactive management of Lincolnshire County Council's portfolio of non-operational property portfolio held for the purposes of supporting economic growth and job creation etc. in the county. We are also expected to maximise the rental income achieved from the portfolio.

The portfolio comprises of mainly small industrial units and managed offices and has an Estimated Rental Value (ERV) of over £1.2million per annum. In managing the estate, the team is involved in rent arrears management, negotiating lease renewals, new lettings and maintenance issues etc.

There are four managed offices located in Gainsborough, Market Deeping, Lincoln and Skegness, 10 industrial estates and coastal attractions spread across the county.

Team members provide professional advice and services to other members of the ED Team and to other Council departments. For example, we have undertaken land acquisition on behalf of the Highways team.

### **Our vision**

Our vision is to exceed our customer's expectations in customer care and focus so that they recognise our service, experience and professionalism and we become their automatic choice when they require expertise in the field of property management, project delivery and property advice.

### **The Aims of Our Service**

The team is primarily responsible for maximising revenue from the Council's non-operational property portfolio and generating capital receipts from the sale of development sites and other "windfall" sites in the Economic Development portfolio.

We will also take a lead role in the delivery of Economic Development projects including public realm works and other schemes designed to strengthen the growth of the Greater Lincolnshire economy.

### **Lincolnshire County Council's Values and Beliefs**

Lincolnshire County Council's core values and beliefs are to be 'Professional, Resourceful, Respectful and Reflective', as shown in the graphic below:



## Team Objectives

The Regeneration Team will follow specific Objectives and Strategies to contribute to the Council's Objectives and Vision whilst at the same time allowing each team member to develop their skills and observing the need to provide a professional service at all times.

- Invest in sites where the market is failing to invest.
- Provide locations for businesses to start and grow.
- Accelerate investment where conditions are positive.

## Long Term Objectives and Pressures

In general, the working environment has changed radically in recent years as a result of huge strides in the use of ITC and flexible working policies etc. The pace of change within the ED team is likely to increase in the coming months as a result of the following factors facing the public sector:

- on-going pressure to reduce public sector spending,
- lack of investment in the Council's portfolio,
- increasingly demanding clients who expect an immediate, high quality and cheap service

## The following priorities have been identified:

- Maximise the net income generated from the Council's portfolio of non-operational investment properties whilst recognising at all times that the portfolio has a dual role of securing economic growth and job growth across Lincolnshire.
- Provide a proactive Project Management service across the ED team on a range of public realm and economic growth projects.
- As part of the Best Value and the Asset Management Planning process the team will review its property holdings to ensure the Council's corporate planning and service delivery plans are achieved, including the sale of development sites and other surplus sites, and the investment in those properties to be retained where a suitable business case to do so is identified.

- Complete a backlog of outstanding professional work that the team inherited and, going forward, to adopt best practice by commencing forthcoming lease renewals and rent reviews at least six months before the effective date. A list of leases due to expire in 2019/20 is included as Appendix A.
- Continue to refine budgetary control procedures, recovery of rent arrears and processes for monitoring income and expenditure. The Commercial Team currently aims to achieve a 10% per annum target for the recovery of outstanding rent arrears.
- Continue to review all aspects of our work in order to apply principles of Best Value.
- Regularly review our current working practices to ensure that we comply with relevant corporate, legal and professional responsibilities at all times. Where appropriate to assist colleagues, we will prepare concise procedure notes to ensure consistency, continuity and efficiency.

### **Recent Successes**

In the last 12 months the Team has enjoyed a number of successes. These include:

- Dealing with backlog of undocumented tenancies.
- Completing a tenant satisfaction survey.
- Supporting the delivery of the Coastal Observatory and putting appropriate property management arrangements in place.
- Completing various land sales including development land at Kirton.

### **Future Objectives and Targets**

- Develop a comparable database to assist with the preparation of valuations including market rent.
- Adopt the use of Concerto as a property management software and as a means to record and track progress of new lettings etc.
- Deal with any outstanding backlog of service charge calculations.
- Refine/develop the annual Tenant Satisfaction Survey.
- Continue to develop relationships across the Council to facilitate the delivery of the Council's services.

### **Team Approach**

Whilst performing our principle objectives in the most effective manner possible, the team will follow a policy of acting in a professional manner. Similarly, each member of the team recognises the importance of good customer care as set out in the Council's values and beliefs.

Two members of the team is currently working to obtain professional membership of the RICS, and another team member is working towards their work based qualification of PRINCE II Project Management.

The team complies with the Council's Staff Appraisal and Development protocols.

A schedule setting out details of each Property Manager's areas of responsibility is attached as Appendix N.

## **Staffing**

The Regeneration Team reports to the Enterprise Commissioner and is currently structured as follows:

- 1x Principal Officer – Regeneration
- 3x Business Centre Officers
- 1.8x Economic Infrastructure Officers
- 1x Senior Project Assistant
- 1x Project Support Officer

## **Performance**

Performance reported in the Council Business Plan demonstrates how our work contributes to the following key performance indicators contained in the LCC Business Plan:

Jobs created: 310

Safeguarded jobs: 130

Businesses assisted: 101

(As per data for 2018/19 Q1-Q3).

The Regeneration team provides a professional management service dealing with new lettings, day to day estates management matters, rent collection, negotiating rent reviews and managing the lease expiry process and lease renewals etc.

Each member of the team will follow specific objectives which are designed to contribute to the wider Council's priorities whilst, at the same time, allowing each team member their skills and observing high levels of professionalism. In particular, the following priorities have been identified:

- Provide favourable environments for new businesses to be created and with space to grow
- Maximising net rental income generated from the Council's portfolio on non-operational properties
- Regularly review the Council's property holdings to ensure that its objectives are met. This may require the disposal of surplus assets or increased investment in retained properties where a suitable business case exists
- Complete all outstanding professional tasks, including lease renewals and to adopt the best practice by commencing negotiations on all forth coming renewals at least six months before the effective date
- Effectively monitor budgets including regular forecasting as required
- Continuously review all aspects of our work to ensure compliance with best practice guidance, relevant case law and statute etc.

In addition to work directly related to the operational management of the portfolio, the team also supports this work by lending on and managing a range of activities linked to the promotion of the portfolio. For example, by working alongside the Growth Team, this has a strong focus on investor development by promoting opportunities for investment in Lincolnshire.

This business plan sets out the range of activities undertaken by the team in relation to Estate Management and highlights the output outcomes, benefits and risks associated with the portfolio. Four separate work streams have been identified:

Work stream	Activities included	LCC objectives
Agency	Letting vacant units Negotiating lease terms Instructing Legal Services	Sustaining and growing business and the economy
Estate management	Rent reviews Lease renewals Service charges Rent arrears Repairs and maintenance	Sustaining and growing business and the economy
Promotion/marketing	Strategy Social media Promoting opportunities across Lincolnshire	Sustaining and growing business and the economy

Property management role will adhere to RICS Practice Statement – Commercial Property Management in England and Wales (Appendix C).

## The portfolio

LCC's portfolio of non-operational (investment) premises (properties owned and let to third parties as opposed to properties which LCC occupies itself) includes a range of business centres, offices, and small industrial/workshop premises.

The total annual income from the portfolio is in excess of £1million.

This business aims to support officers to meet the twin objectives of value generation (both in terms of revenue return and capital growth) and supporting wider regeneration objectives.

## Setting rental levels and tenant selection

All lettings will be at market value in the first instance. This is to ensure that the Council meets the requirements of the Local Government Act 1972 to achieve 'best consideration'.

Tenants will be selected on a number of criteria including:

- Submission of a suitable business plan
- Existing trading accounts (where available)
- Suitable professional references including bank and trade
- Use being acceptable for the location in terms of both tenant mix and to meet the objectives of the economic development portfolio as summarised in Appendix L and in the "Performance" section above.

It is recognised that commercial market practice will often see tenants successfully negotiate rent free periods. For example, at the start of a tenancy, to reflect fit out costs. In these circumstances, a small rent free period or phased rent may be negotiated.

Any discount negotiated must be for a clearly defined period and must be agreed by the Principle Officer – Regeneration. Once agreed, the discount should be clearly set out in writing to the tenant, included in the lease instructions and reflected in the budget forecast as necessary. Where there is a proposal to let a property outside of the "margin", a rental offer

information and reasoning proforma (Appendix. K) must be sent to the Enterprise Commissioner for sign off.

Officers will have a degree of discretion when negotiating lettings, provided the rent price agreed is within the reasonable margin of the values as set out in the attached schedule (these values will be reviewed annually and the schedule updated accordingly) (Appendix L). While this variance may differ from case to case, it is expected that in most instances it will be +/- 5-10% of the value shown. In exceptional cases where this margin cannot be met, the terms of the sale will need to be authorised by the Enterprise Commissioner under delegated powers.

Part 3 of LCC's Constitution – Responsibility for Function – grants to the Executive Director for Environment and Economy delegated power to:

- Develop sites and premises for economic development purposes
- To procure services in accordance with the regulations and established policies and principles of LCC
- To work together with public and private sector partners to bring forward new capital projects
- To agree the sale and letting of sites within the Economic Development portfolio

### **Repair and maintenance**

Where LCC has responsibility for all the repair and maintenance of premises, we will develop an intelligent repairs and maintenance strategy in order to minimise unplanned and reactive expenditure as well as to improve the sustainability of the portfolio, maximise value, reduce running costs and mitigate risks and disabilities. In particular, we will:

- Ensure full compliance with relevant legislation, including DDA and the Equality Act 2010, health and safety, fire regulations, legionella and asbestos.
- Ensure the Council's contractual and legal obligations are met in respect of repairs and maintenance. Obligations are detailed in leases and management agreements, as well as the Tenant Welcome Pack (Appendix I).
- Invest in assets where there is clear potential to generate income and/or increase the capital value by improving the quality of the building.

At the end of 2018, the Council's Economic Development portfolio comprised of the following:

Managed business centre units: 122  
Workspace units (office and light industrial): 70  
Other: 15

The Economic Development team is responsible for the proactive management of the Council's portfolio of 'non-operational' properties that consist of mainly small industrial units and offices as well as four managed business centres spread across the county.

These properties are owned for the twin purpose of nurturing new business growth and generating a commercial retail income.

The portfolio comprises of 27 estates containing 207 individual leasehold units.

Managing this portfolio supports the delivery of the Council's objective to sustaining and growing the business economy, the aim of which is to help businesses to become the drivers of economic growth through supporting a climate in which they can invest, enhance their business performance and offer attractive jobs to a skilled workforce.

The portfolio management also links with the GLLEP objectives of 'supporting key employment sectors' and 'attracting inward investment and growing foreign direct investment' as set out in its Strategic Economic Plan.

### What does 'good' look like?

Excellent customer service	A friendly team, efficient management, high levels of knowledge regarding tenants and our portfolio, good rapport with tenants and contractors etc.
High degree of flexibility	For example, to allow temporary/short term lettings for local businesses and other organisations who may need to relocate while works are undertaken at their existing premises. We can also demonstrate flexibility by negotiating leases which assist tenants wishing to grow, down size or relocate etc.
Good quality space	Ensuring our premises, reception areas, other common areas, and our staff, are well presented, maintained and decorated to give all tenants a strong impression about our professionalism and locations in the right place.

Our business plan will help us to focus on our core objectives which include providing sites and premises which help new businesses to be created and existing businesses to flourish and grow. We focus on our Property Management expertise to add value wherever we can. For example we might dispose of a site or let premises for 'best consideration' but also to reflect an identified need to accept a lower commercial return where wider economic or community benefits make this worthwhile.

### Marketing strategy

Vacant sites and premises are currently advertised on the Council's website, Zoopla, as well as on the Business Lincolnshire website.

Where premises have been vacant for a period of six months we will use commercial property agents.

"For sale" and "To let" marketing boards are also erected on all our premises.

### Relevant Legislation, Council Policies and Relevant Contracts

Whilst not a definitive list, the following highlights some of the legislation that affects our work:

- Compulsory Purchase Act 1965
- Land Compensation Act 1961
- Land Compensation Act 1973
- Landlord and Tenant Act 1954
- Landlord and Tenant Act 1985

- Landlord and Tenant Act 1988
- Landlord and Tenant (covenants) Act 1996
- Data Protection Act 2018
- Equality Act 2010
- Relevant Council policies
- Delegated authority
- GLLEP Strategic Economic Plan
- RICS Practice Standards - Commercial property management in England and Wales
- RICS - Service Charges in Commercial Property

## **Appendices**

App. A – Schedule of lease renewals for 2019/2020

App. B – Economic Development work stream analysis

App. C – RICS Practice Standards: Commercial Property Management in England and Wales

App. D – Template – Legal instruction template

App. E – Template – Tenant move in sheet

App. F – Template – Tenant move out sheet

App. G – Template – Offer sheet

App. H – Template – Commercial application form

App. I – Tenant Handbook example

App. J – Health and safety checklist

App. K – Rental offer explanation

App. L – Schedule of Rental Values and objectives for each business location

App. M – Anti Money Laundering Regulations 2007: Supervision of Estate Agency Business

App. N – Responsibilities

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