# Annual Property Plan 2026/27

The council owns a successful investment property portfolio that is forecast to deliver an annual rental income of £20.4M in 2026/27 in addition to owning multiple operational buildings enabling the council to deliver a wide range of front-line services and community benefits.

The Strategic Asset Management Plan (SAMP) and Property Investment Strategy 2022/23 - 2025/26 were approved by Council in February 2022 and updated for 2026/27 - 2028/29. The Annual Property Plan 2026/27 sets out how the principles of these strategies will be implemented in support of the Council Plan 2023 - 2027 priorities:

- A place where people have pride in their communities and the borough.
- A borough where we protect, restore, reconnect, and enhance our natural environment.
- A council that delivers high-quality services for our residents

Income generated by the council's property portfolio helps to support delivery of these strategic objectives and wider corporate objectives, including social and physical regeneration, economic development and safeguarding strategic influence and development opportunities.

The core aims of this plan will be to achieve one or more of the following objectives:

- Generate improved sustainable revenue streams.
- Diversify the existing asset base to reduce volatility and position for growth.
- Modernise the estate and improve lot size.
- Enhance the sustainability credentials of the portfolio to reduce carbon emissions and improve energy efficiency.
- Stimulate economic regeneration within the Basingstoke area.
- Dispose of under-performing assets, providing they are not held for strategic purposes, to generate capital receipts and/or wider social-economic benefits.

Delivery of the Annual Property Plan is led by the Property and Assets Team who are a team of professionally qualified and experienced staff, with assistance from a combination of in-house specialist staff and the use of external specialist advisers and agents, where appropriate.

Since September 2020 the council's property advisors, Jones Lang LaSalle (JLL), have been providing strategic advice in respect of the council's property investment portfolio particularly on acquisitions and disposals. Their contract has been extended until 31 August 2026.

The revised Property Investment Strategy 2026/27-2028/29 proposes that capital receipts from property disposals continue to be reinvested within the portfolio to maintain strong financial returns, while also supporting wider corporate objectives. In addition to acquiring new assets, funds will be directed towards enhancing the longevity and economic life of existing properties, facilitating regeneration projects that unlock development opportunities, safeguard or enhance land values, promote land sales and deliver longer term financial yields and measurable social value. This approach ensures receipts remain to safeguard reinvestment for growth and community benefit.

In line with the principles of the Property Investment Strategy, qualified staff are continuing to review the portfolio with JLL to identify non-performing assets for disposal. Due to various factors, including Local Government Reorganisation, there is a need to ensure such transactions occur in the best market conditions together with the required capital funding from disposals before acquisitions can occur. The flow of such transactions will fluctuate and the budget allocation within the capital programme will need to be adjusted accordingly.

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## Annual Property Plan Performance Review 2025/26

Implementation of the Annual Property Plan for 2025/26 has seen some significant achievements to date with a number of lettings and rent reviews being signed and contributing positively to future income growth by positive asset management. Some schemes are completed and others well developed. These are monitored through the Action Plan.

The assignment of the long leasehold from Standard Securities to Nice Leisure Limited secured ice rink facilities in Basingstoke for an additional 15 years. The Property and Assets team have worked closely with the new head lessee, Nice Leisure Ltd, during their purchase and refurbishment of the ice rink to protect ice provision in the borough. More recently Unit 3, the former Little Frankie's restaurant was let on a long lease to Nice Leisure Ltd to enhance their food and beverage offer for ice rink users.

In September 2025 Cabinet approved the principle of disposing of Joule Road Industrial Estate to the Greenham Trust Ltd to protect the future of the Community Furniture Project on the site and delegated approval of the detailed terms to the Director of Regeneration. Negotiations are at an advanced stage with completion expected in Q1 2026/27.

17 commercial leases completed including two units that have proved difficult to let and remained vacant for several years, generating an annual income of £268,500 excluding incentives.

This together with several smaller disposals which have been progressed with one completed will generate capital receipts of circa £1.32M, although completion dates may take place in a future financial year.

Whilst no lease restructures have been completed in the current year to date, several are in an advanced stage of negotiation with several completions anticipated in the next few months which will improve income security by extending the average unexpired lease term of the portfolio.

A significant focus of attention has been on leases with 58 rent reviews and 11 lease renewals completed in the first three quarters of 2025/26 with increases totalling £674,000 despite the challenging market conditions.

Following the sale of the long leasehold of Festival Place, the Property and Assets team has worked closely with the administrators and new owners, to ensure a smooth handover. The management of the long leasehold interest is monitored regularly with quarterly meetings with the owners, managing agents.

There has been continued focus on debt management ensuring arrears of rent and other payments are kept to a minimum, payment plans are adhered to, and communications maintained. The council’s average collection rate over the year was 97.32% exceeding our target of 95%.

The management of The Malls Shopping Centre is undertaken by external managing agents, Savills working closely with the council in-house surveyors and supported by external agents HTC marketing vacant units. Following the closure of the Post Office in WHSmith considerable work was involved to retain the Post Office in the town centre by securing a new lease of a vacant unit in The Malls.

Sustainability is considered in all the council’s property decisions with a distinct focus on improving sustainability credentials and reducing energy costs where the council is liable for energy invoices. A rolling programme is in place to undertake energy performance assessments when required to ensure properties remain compliant and opportunities are explored to improve EPCs where possible. A data management system for utilities for the council has been introduced to help enhance energy and water efficiency and reduce costs, to meet the council's sustainability targets.

The operational portfolio has had a continued focus on maximising income, where possible, by renewing and updating leases as well as addressing compliance, condition, and sustainability challenges.

A 25-year forward maintenance programme is in place for the operational portfolio and direct lets which includes planned and preventative maintenance and general improvements and

understanding life cycle costs of assets to enable the council to plan in a pro-active way with an informed strategy.

The new community centre leases and service level agreements were agreed and the roll out commenced. Four leases are due for completion in 2025/26. The community lease renewal programme has been developed for 2026/27 and will be kept under review and developed further for subsequent years.

An annual inspection programme has been developed for community centres to ensure community associations are working within their lease requirements. This is being refined and will be rolled out to investment portfolio direct lets in the new financial year.

## Annual Property Plan 2026/27

The Annual Property Plan 2026/27 will continue the council's proactive approach to asset management and implement the strategies outlined in the Property Investment Strategy and Operational Portfolio Strategy including:

- Monitoring tenant compliance with lease obligations for both investment and operational property.
- Undertaking rent reviews and lease renewals in a timely manner.
- Taking a pro-active approach to asset management including removing breaks, progressing targeted disposal and lease regears.
- Ensuring void/un-let accommodation is re-let as soon as possible.
- Minimising void and irrecoverable expenditure.

Delivery of the Annual Property Plan will be monitored through the Action Plan (see Annex 1).

The Property and Assets team will continue to support the council in achieving its climate emergency targets by creating more sustainable assets in the property portfolio, thereby maintaining or increasing estimated rental value and enhancing capital value. This will lower the risk of vacancies within the investment portfolio as investors and occupiers are increasingly scrutinising ESG credentials of properties they buy and lease.

The council's aim is to be one of the leading public sector organisations for property and asset management with a proactive approach to driving the best from its asset base and service delivery. The Property and Assets team will continue to work in accordance with the highest industry standards (as set out by the professional governing body, RICS) and will look to achieve best practice in all areas.

## Investment Property

The council owns a substantial commercial investment property portfolio valued at £289.8M as at 31 March 2025 which is forecast to deliver an annual rental income of £20.4M in 2026/27; principally comprising office, industrial, retail and leisure property investments leased on commercial terms to

third party tenants. The portfolio is located within the borough with most of the assets situated in or around Basingstoke town centre.

Good data management is essential to manage the property portfolio effectively and enable key metrics to be measured to benchmark the portfolio. Data held within the property information management system will continue to be reviewed and updated to improve accuracy for reporting and effective property management The investment portfolio is key to providing revenue to the council and the returns are benchmarked annually against a national index of similar portfolios. Key evaluation and target matrix include the following:

- Growth in capital value against year-end valuation and benchmarked against industry portfolios.
- Rent collection KPI target 95% and benchmarked against industry standard collection rates.
- Ensure void levels are kept to a minimum, and benchmarked against similar portfolios, unless they are held for strategic or operational purposes.
- Lease renewals and rent reviews to be proactively managed and completed at the Expected Rental Value or above.
- Target disposals are progressed during the year and meet their budgeted targets, subject to market conditions.
- Sustainability ratings.

Due to the size of its commercial property holdings, Basingstoke and Deane has a vastly different property portfolio compared to most other councils. For this reason, the council resources a dedicated Property Services function. The service is responsible for property management and strategy, property services and property investment, providing governance support, a regular reporting mechanism for councillors and updates to the council's Strategic Asset Management Plan. Given the non-liquid nature of commercial properties, the substantial input is afforded to the council's Strategic Asset Management Plan to ensure that assets remain sustainable and fit for purpose.

Appropriate specialist independent external professional advice is also provided to the council in making complex property decisions. Jones Lang La Salle (JLL) were appointed for this by the council in September 2020 as its property advisors. Additional agency, property and facilities management support is provided by external consultants for direct lets when necessary.

The delivery of professional valuations, additional advice and feedback on the council's property assets is provided by Montagu Evans LLP. This brings additional resilience, flexibility and expertise to the management of the council's property portfolio.

## Operational Portfolio

The council owns an operational property portfolio valued at £83.8M as at 31 March 2025 principally comprising depots, council offices, car parks, community centres, council operated leisure facilities, public parks, and open spaces, located all around the borough.

A 25-year forward maintenance programme is in place for the operational portfolio which sits alongside the planned and preventative maintenance programme. These programmes will be revised on an ongoing basis to ensure that they are correct.

Additional resources have been proposed to enable work to be progressed to ensure the property portfolio is not only fit for purpose, having good environmental credentials, attracting commercial rents where appropriate, but also meets health and safety requirements and not putting the council at risk of prosecution.

The new community centre leases and service level agreements will continue to be rolled out, completing a minimum of four leases per year, the team will bring forward renewals to complete the programme as quickly as possible. Wade Road Depot will have more focus on the accommodation review and upgrade which will also include security. A new facilities officer will also allow for improvements to services given by the Property and Assets team and will ensure that all areas whereby council staff are located are given the same level of service.

Sustainability will continue to be at the forefront to reduce carbon emissions and energy consumption. There is ongoing collaboration with the Climate Change and Sustainability Team to investigate and deliver programmes of work which will include:

- Completion of the enhanced solar PV programme to community centres.
- Continue with the fabric first approach of sustainable delivery programmes alongside reletting and capital programme works to ensure EPC’s and the reduction of carbon emissions continues.
- Installation of the Hybrid heating system for Tadley Health and Fitness Centre to be completed in the new financial year.

## Regeneration

The Property and Assets team will continue to provide appropriate support to the delivery of strategic corporate priorities through projects of partners across the borough, for example, Sovereign Network Group (SNG) in Buckskin and South Ham and VIVID in Winklebury. The Regeneration team continues to work closely with the Property and Assets team to identify any asset implications associated with progressing major projects or renewal schemes delivered by key partners. This includes consideration of when and how strategic development opportunities are brought to market.

Work will continue to secure an Investment Partner to bring forward redevelopment and regeneration of Basing View and the town centre.

The Property and Assets team provide technical property advice to both the Housing and Manydown teams including the annual valuations for the council’s land interests.

## Governance

The council has delegated responsibility for the monitoring and scrutiny of its investment strategies and activity to the Audit and Accounts Committee. Performance of the council’s investment property

portfolio is reported half yearly to the Audit and Accounts Committee and the income from investment property is monitored and reported as part of the council's revenue budget monitoring.

The execution and administration of the Property Investment Strategy is delegated to the Director of Regeneration.

The council's governance measures with regards to property were updated in 2024 including the delegations to the Director of Regeneration and a scheme of authorisation to allow the Head of Property and Assets and other senior officers to take some decisions on her behalf. This scheme reflects the revised structure. More major property matters, and major projects are reported to Senior Leadership Team

meetings. This includes reports on proposed lease regears and disposals.

Following consideration by the Senior Leadership Team, a report is prepared for consultation with the Portfolio Holder and then the appropriate Officer or Cabinet decision is made. Decisions on commercial investments are made by the Director of Regeneration, after consultation with the Chief Finance Officer (S151 Officer) and the Co-Leader and Cabinet Member for Finance and Property, within the limits and criteria set out in the Property Investment Strategy and Annual Property Plan.

The council's Constitution including delegations is currently under review.

The Property and Assets team develop and input into emerging policies and processes including responding to Government consultations where they may impact the property portfolio.

## Risk management

A risk assessment has been carried out in accordance with the council's risk management policy and was included in the Strategic Asset Management Plan.

Property is a riskier asset class than some investments due to its physical characteristics which makes the asset less liquid. Consistent with all investment types (cash, shares, bonds, etc) the expected return on investment increases with the level of inherent risk. In the context of property markets rental and capital values can also fluctuate upwards and downwards over time according to the market and wider economic circumstances. Due to these risks, it is a longer-term investment and only suitable for strategic investment funds with an expected duration of 5 to 10 years or more.

The main risks are reputational concerning the failure to process transactions, financial relating to fluctuations in property and capital due to market or wider economic circumstances, financial failure of tenants, a lack of suitable investments for acquisition and property vacancies following lease expiry.

These risks will be managed at portfolio and asset levels through focussed asset management and can be further moderated by ensuring a balanced portfolio.

Prior to all major investments the council will seek independent advice from external advisors and consultants that are specialists in their field as necessary. This approach ensures that the council has access to knowledge and skill commensurate with its risk appetite.

## Equality, Diversity, and Inclusion

When considering the impact of the Annual Property Plan on the protected characteristics groups, and the implications for the Public Sector Equality Duty (Equality Act 2010) it can be concluded that the proposal will have no differential impact for all groups. As the Plan aims to ensure a stable and growing long term source of rental income from the investment portfolio to support the council's financial needs and provisions of services to businesses and residents across the borough. Properties forming part of the investment portfolio and for which the council has direct responsibility will be assessed to ensure that the relevant accessibility legislation is met.

## Climate change, ecological and biodiversity

This Annual Property Plan and the actions being undertaken will have a positive carbon impact once implemented. This is because of the continued focus of reducing the carbon footprint of the council's property portfolio as part of the maintenance and repair plans for properties and action that will be taken as a result. This will help to deliver the targets established in the Climate Emergency declaration and aligns with Council Plan priorities in respect of carbon reduction.

When delivering the Annual Property Action Plan 2026/27 consideration will be given to the Biodiversity Strategy and the implications at an early stage. The Biodiversity team will continue to work closely with the Property and Assets team to ensure the impacts for biodiversity in relation to habitats and species that occupy the sites under the council's property portfolio are considered and managed effectively.

## Annex 1

| Action | Measures | Timeline |
|---|---|---|
| Improve efficiencies through proactive property management for operational and investment property portfolios | Review leases (including service charges) and action lease renewals/rent reviews due in 2026/27. | 2026/27 |
| Deliver disposals programme | Deliver programme priorities for 2026/27 | 2026/27 |
| Asset Valuations programme for operational and investment property portfolios | Achieve project milestones | 2026/27 |
| Deliver Capital programme for property portfolio | Deliver programme priorities for 2026/27 | 2026/27 |
| Improve efficiency of monitoring and management of property portfolio. | Review of current data complete including data cleansing | Ongoing |

| Action | Measures | Timeline |
|---|---|---|
| Ensure all vacant properties are managed and marketed effectively, as well as maximising any meanwhile use opportunities | Reduce time between properties becoming vacant and being marketed<br><br>Number of repairs and refurbishment projects completed | 2026/27 |
| Progress review of facilities services for investment properties | Number of sites and facilities requirements reviewed.<br><br>Number of contracts updated | 2026/27 |
| Develop Statutory Compliance process and update Programme for investment portfolio | Process in place<br><br>Planned maintenance plans in place | Ongoing |
| Provide specialist property advice and support to major projects and Regeneration Directorate as required | Achieve project milestones | 2026/27 |
| Ensure all properties meet environmental standards, where possible. | Identify opportunities to improve energy efficiency in existing properties, where possible and secure funding. | 2026/27 |

Note – this action plan is kept under review and updated during the year

## Related

Strategic Asset Management Plan 2026-2029

Operational Property Strategy 2026/27 to 2028/29

Property Investment Strategy 2026/27 to 2028/29

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