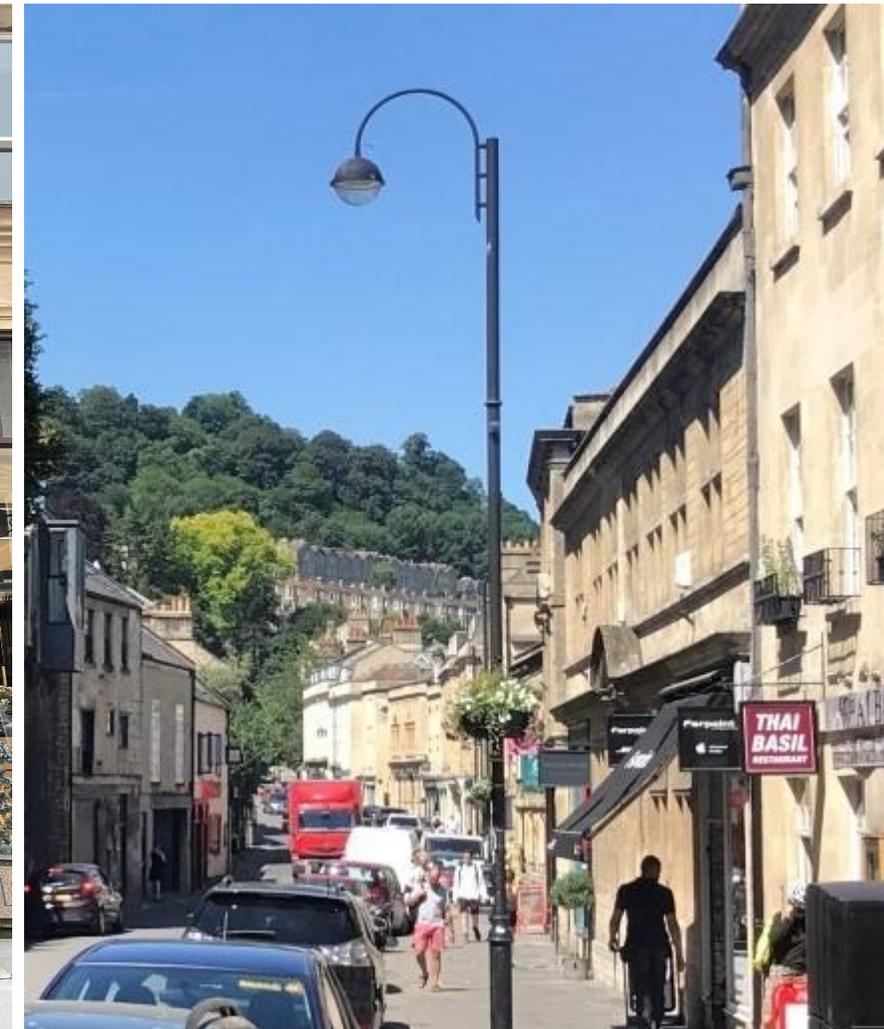


# COMMERCIAL ESTATE REVIEW

Establishing the Commercial Estate as an exemplar landed estate, outstandingly governed, and commercially and socially impactful for the residents of Bath and North East Somerset.



# DIAGNOSIS

## THE COMMERCIAL ESTATE

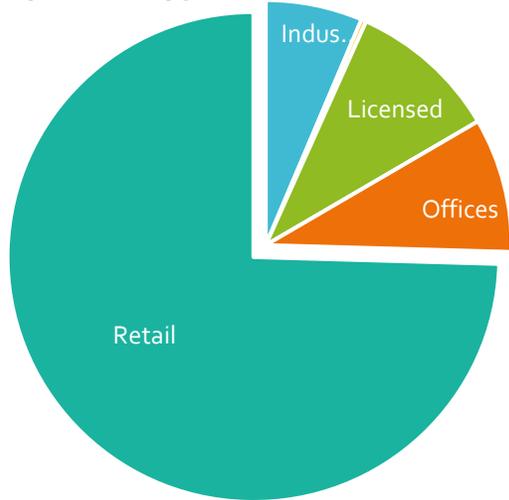


B&NES has one of the largest commercial estates of any unitary authority. It has grown over the years and has served as an important buttress to the financial sustainability of the Council.

Much of the estate comprises heritage assets, which are costly to maintain and complicated to repurpose, and around 80% by value (75% by revenue) are retail assets.

As the Commercial Estate has grown, the success of Bath as a destination has kept pace. It led to competition in the market from occupiers for the assets we own. This drove improvements in rents and capital values, but also meant that there was limited impetus to proactively manage the buildings. We managed to get by largely using existing estate, finance and support resources.

**Commercial Portfolio Revenue by Asset Type**



Coronavirus has accelerated the pace of the change in markets, communities and society. This has been acutely felt in the retail property market meaning that legacy issues of obsolescence and complicated management have been compounded by failing tenants, falling rents, and a need for a greater breadth of skills and new investment.

We need to recognise the challenges to vitality in Bath and reduce reliance on tourism. We need to create a sustainable economy with greater opportunity for betterment, greener, healthier outcomes, affordable homes and a stronger, more resilient city which celebrates its unique heritage yet is fit for the future.

## ASSESSING THE CHANGING LANDSCAPE

We need to do things differently, so we conducted an independent review of the Commercial Estate. It focussed on the City Centre estate where our challenges are most acute, yet where the opportunity for us to try something new is greatest.

<b>CAUSE, EFFECT &amp; OPPORTUNITY</b>	City centres need a renewed purpose
	Flexible working is here to stay
	Online shopping means shops are less financially sustainable
	Housing supply and affordability crisis
	Climate and nature emergency
	Large, highly complex estate
	Increasing obsolescence and capital requirements

We engaged stakeholders both internally and externally, we considered market trends and reflected on our skills and capacity.

The Commercial Estate bestows upon us an obligation for stewardship and custodianship of the buildings and the communities they serve. We need to be flexible, to embrace change, to meet the challenges of place and climate change by providing homes, opportunities, services and enjoyment that is easily accessible for residents and visitors.

We will do things differently, and better, using the Commercial Estate as a catalyst to develop a financially sustainable, long term solution.

# THE CASE FOR CHANGE

## CHALLENGES



A CHANGING MARKET



GOVERNANCE



INVESTMENT



DATA & INFORMATION



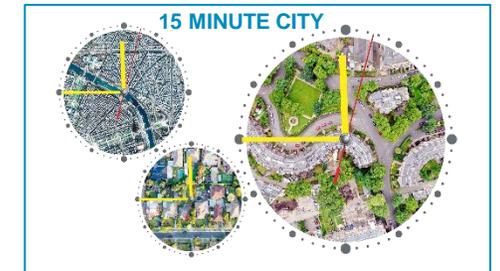
HERITAGE



EXPERTISE

## ACTING ON THE OPPORTUNITIES

- Promote a '15 Minute City' for the needs of our community
  - Recalibrate offer to welcome tourists whilst reducing reliance on them
  - Promote the increasing opportunity for 'staycations'
- 
- Develop a clear commercial vision which integrates all teams needs and aspirations
  - Adapt decision making processes to align with the vision and commercial principles
  - Promote flexible & simple lease arrangements to support independent businesses
- 
- Adopt a proactive approach to maintaining buildings to reduce future liabilities
  - Invest in the tools and resource to manage the portfolio more efficiently
  - Consider disposal of non-core assets to reduce liability and invest into the estate
- 
- Improve visibility over asset and portfolio performance
  - Invest further in data management systems and people to enable greater transparency
  - Promote the use of data to make informed decisions
- 
- Capitalise on the opportunity and the potential to work with companies and universities to establish Bath as a world leader in zero carbon for heritage
  - Align LPA with the corporate objectives to work with the Bath Preservation Trust
- 
- Undertake a strategic review of existing resource in the context of the portfolio scale, complexity and future objectives.
  - Identify the specialist expertise required to tackle key objectives (climate change/placemaking)



# MISSION STATEMENT & ROUTE MAP

To establish the Commercial Estate as an exemplar landed estate, outstandingly governed, and commercially and socially impactful for the residents of Bath and North East Somerset.

This is the first step in addressing the challenges and opportunities facing the Commercial Estate. We have researched, benchmarked and engaged with stakeholders to devise a route-map for transition. This outlines the plan to develop a modern, fit-for-purpose, well governed Commercial Estate that will promote positive change and ensure accountability. We will be able to make better, clearer, data-driven decisions and use our estate to support Bath's economy and outcomes for residents and visitors. Ultimately, we will have a more balanced, resilient income profile that supports housing delivery and economic growth.

