



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 7 FEBRUARY 2019 at 5:30 pm

P R E S E N T :

Councillor Singh (Chair)
Councillor Govind (Vice Chair)

Councillor Bajaj
Councillor Cleaver
Councillor Cutkelvin

Councillor Dawood
Councillor Gugnani
Councillor Khote

Councillor Porter

Also present:

Sir Peter Soulsby City Mayor

Youth Council Representative

Gary Concepcion

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67. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Grant and Westley.

68. DECLARATIONS OF INTEREST

Councillor Bajaj declared that he had received representations in respect of item 6: Petition to retain a safe parking zone / drop off for users of the Jain Centre, York Road. Councillor Bajaj had been invited to attend the Centre and had been given a meal of rice, curry and juice.

Councillor Porter declared that he had received representations in respect of item 6: Petition to retain a safe parking zone / drop off for users of the Jain Centre, York Road. Councillor Porter declared that he had been invited to attend the Centre where he been given a hot meal and he had also signed the petition.

The City Mayor said that in respect of item 6: Petition to retain a safe parking zone / drop off for users of the Jain Centre, York Road, he had been invited to the Centre and had been given a hot meal.

Further to these declarations, it was confirmed that all the remaining Members of the Committee had been lobbied in respect of item 6: Petition to retain a safe parking zone / drop off for users of the Jain Centre, York Road.

It was noted that Councillors Govind, Khote and Cutkelvin were members of the Planning and Development Control Committee and the Chair reminded Members that the decision on the Traffic Regulation Order would be delegated to the Director. The Traffic Regulation Order would be brought to the Planning and Development Control Committee to allow Members to make comments for the Director to take into consideration when he made his decision.

69. CHAIR'S ANNOUNCEMENTS

The Chair did not make any announcements.

70. MINUTES OF THE PREVIOUS MEETING

AGREED:

that the minutes of the meeting of the Overview Select Committee held 13 December 2018 be confirmed as a correct record.

71. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING

The Chair reported that there were no outstanding actions.

72. PETITION: TO RETAIN A SAFE PARKING ZONE / DROP OFF FOR USERS OF THE JAIN CENTRE, YORK ROAD LE1 5TT

The Director of Planning, Development and Transportation submitted a report which explained that a petition had been received which asked the Council to retain a safe parking / drop off for users of the Jain Centre, York Road.

The Committee were recommended to consider the petition and note the provision in place to accommodate the parking requirements of the Jain Centre congregation.

The Chair introduced the petition and explained that it was also being referred to the meeting of the Planning and Development Control Committee on 19 February, where consideration would be given to the comments made by the Overview Select Committee. The decision on the Traffic Regulation Order would be taken by the Director of Planning, Development and Transportation after considering all the comments from Members.

Mr Madhani, the lead petitioner, at the invitation of the Chair addressed the Committee. Points made included the following:

- Sunday access to York Road was welcomed, but access was also requested for all vehicles after 6 pm on weekdays and at weekends. These were the most popular times for people to visit the Jain Centre.
- It was recognised that people alighting and embarking on the loading bays on York Road was not allowed and therefore a safe space near the junction to Oxford Street was requested as a drop off / pick up point.
- A request was made for blue badge holders to be given three spaces for parking in York Road. It was understood that these could not be reserved for the users of the Jain Centre.
- Mr Madhani said that he had not been aware until recently that there had been an informal arrangement for Jain Centre users to park at the Oxford Street Industrial Units. He asked for a formal arrangement to be put in place for off peak use.

Councillor Kitterick, at the invitation of the Chair addressed the Committee. Points made during the Councillor's submission included the following points:

- Councillor Kitterick said that confirmation had been received that the Oxford Street Industrial Unit were happy for the Jain Centre congregation to continue to use its car park at evenings and weekends. Councillor Kitterick asked the Committee to note and welcome this.
- In the effort to help pedestrians and cyclists, people with disabilities and mobility issues should not be disadvantaged.
- Currently, Blue badge holders might take advantage of parking on yellow lines on Grange Lane, but if the scheme was implemented, Grange Lane and York Road would no longer be available for any blue badge Parking.
- The only on-street parking would be pay and display parking which was heavily used. There was a multi-storey car park on Newarke Street, but some people were reluctant to park there because they found it to be intimidating, particularly during the hours of darkness.
- Councillor Kitterick requested that York Road be opened up after 6pm for Jain Centre users as there would be little impact on pedestrians and cyclists after this time.
- Councillor Kitterick requested that further consideration be given to grant access to York Road for pick up and drop off points and blue badge provision.
- The scheme was tipped too far towards cyclists and pedestrians and if implemented would lose all blue badge parking on Grange Lane and York Road without providing a single extra blue badge space.

The Chair invited Barry Pritchard, the City Centre Streets Programme Manager to respond to the submissions. Points made included the following:

- Amendments had already been made to the Traffic Regulation Order to allow for access onto York Road on Sundays and for blue badge holders at all times. Officers could look at this again if the Committee so recommended.
- Officers considered that it would be difficult to achieve a reasonable scheme and put blue badge parking spaces on York Road. The maximum spaces that could be provided would be three, possibly two but this would have a significant impact on the width of the footpath.
- The Council had worked to make Newarke Street Car Park as user friendly as possible and it was also opening earlier on Sundays to allow for users of the Jain Centre to park there in time for worship. Arrangements had been made for the De-Montfort University car park to be available for special events.
- All places at the Oxford Street Industrial Units were leased by tenants so they could not specifically allocate spaces for the Jain Centre, but an informal agreement had been in existence for over 11 years and that arrangement still existed.

During the ensuing discussion, comments from Members included the following:

- A Member expressed a view that the Jain Centre's requests were completely reasonable and that at times the Council could be inflexible. The needs of elderly worshippers and people with disabilities should be given a higher priority than a thoroughfare for university students who were likely to be young and able bodied.
- The proposals to remove blue badge parking were unacceptable.
- Over 1500 people had signed the petition and it was crucial that those views were taken on board.
- The City Mayor challenged the view that the Council were inflexible. He understood the concerns of the Jain Centre and acknowledged that over the years, some of the congregation who might have walked or caught a bus to the Centre had aged and now might be less mobile. The Council over the years had worked hard to ensure that people would still be able to attend the Jain Centre for worship.

The Council had agreed to the informal agreement to park at the Oxford Street Industrial Unit. He had noted on two Sundays recently that the unit was being very heavily used by the Jain Centre congregation. The Council had also made special arrangements with the Newarke Street Car Park.

Officers had made some amendments to the Traffic Regulation Order to

accommodate the Jain Centre's concerns. The decision would be taken by the Director of Planning, Development and Transportation and the City Mayor said he was certain that the Director would take due regard of the comments made.

- A Member commented that needs changed over time and the City had worked to make provision for those people with mobility issues. Leicester was a unique city and for some people their spirituality was very important. Leicester needed to ensure their needs were taken into account. Access to the Jain Centre should be encouraged. He added that he would like to ensure that there was provision for blue badge holders, which it was acknowledged, could not be reserved exclusively for the use of the Jain Centre, on York Road along with evening and weekend access.
- It was confirmed that the Newarke Street Car Park had the names of 13 drivers along with their vehicle registration numbers, from the Jain Centre, who were allowed to park for free because they or their passenger had a blue badge.
- In response to a question from the Chair, it was confirmed that the scheme would allow for disabled passengers to be dropped off on York Road.
- The Chair referred to the parking arrangements in place and expressed a view that the petitioners' request for the Council to retain a safe parking / drop off space for users of the Jain Centre on York Road had been adequately responded to. However, in relation to the Traffic Regulation Order he suggested that the comments made be forwarded to the Planning and Development Control Committee and that they be requested to pay due regard to the sympathy of the Committee to the requirements of the Jain Centre. The Chair also suggested that constructive dialogue should take place between the Director and the Jain Centre prior to the meeting of the Planning and Development Control Committee.

Following some discussion, some Members emphasised that all the comments made, especially the requests for additional blue badge provision and greater access to York Road, be captured and taken forward for consideration.

AGREED:

- 1) that the Overview Select Committee note the current provision in place to accommodate the parking requirements of the Jain Centre congregation;
- 2) that the Committee have sympathy with the concerns of the Jain Centre and endorse all the comments and concerns raised at the meeting; that these are taken on board prior to the Traffic Regulation Order being considered at the meeting of the Planning and Development Control Committee on 19 February 2019 and the decision being taken by the Director; and
- 3) that constructive dialogue, particularly in relation to blue badge

holders and parking, takes place between the Director and the Jain Centre prior to the meeting of the Planning and Development Control Committee on 19 February 2019.

73. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer reported that there were no questions, representations or statements of case.

74. PETITIONS

The Monitoring Officer reported that no petitions had been received, other than the Petition to retain a safe parking zone / drop off, for users of the Jain Centre, York Road which had been discussed under item 6 of the agenda.

75. TRACKING OF PETITIONS - MONITORING REPORT

The Chair referred to an update of the Petitions Monitoring Report, which was circulated prior to the meeting and is attached to the back of these minutes. He noted that there were no petitions flagged as 'Red' which he said was a good position to be in.

AGREED:

that the Tracking of the Petitions Monitoring Report be noted and the petitions marked 'petition process complete', namely 15/10/2018, 16/10/2018, 23/10/2018, 10/09/2018 and 27/09/2018 be removed from the Monitoring Report.

76. QUESTIONS FOR THE CITY MAYOR

The Leicester City Council Tree Strategy

Councillor Cleaver commended the City Mayor on the Leicester City Council Tree Strategy and in particular said she was pleased with the planting of London Plane trees on King Street, because they absorbed pollutants. Councillor Cleaver asked for more trees to be planted and questioned whether initiatives such as the 'growing roof' could be considered where appropriate in new developments.

The City Mayor responded that tree planting brought multiple benefits and had been more extensive in Leicester than elsewhere in the UK. The amount of woodland in Leicester had increased significantly.

Housing Tenancy Agreement Consultation

The Chair and Councillor Cleaver asked that a report with the findings of the Housing Tenancy Agreement Consultation be brought back to the Overview Select Committee.

The City Mayor responded that the consultation was being carried out because

a review of the tenancy agreement had been overdue. He knew that the Assistant City Mayor would want to bring the consultation's findings to the Housing Scrutiny Commission and he felt sure that the Assistant City Mayor would be pleased to bring them to the Overview Select Committee as well.

Councillor Porter expressed a concern that as part of the consultation, there was a large document that was only available in two areas of the city and he said that this document should be in every library around Leicester. Councillor Porter also expressed concerns that the agreement warned tenants that if they were a terrorist, they would be breaching their tenancy agreement. He said that there were better ways of expressing this.

Action	By
That the findings of the Housing Tenancy Agreement Consultation be brought to the Overview Select Committee	Director of Housing and the Scrutiny Policy Officer.

Crowd Funding

Councillor Porter referred to a presentation on Crowd Funding that was given at the Aylestone Community Meeting where an officer had said that there were five members of staff working on the project. He questioned why that number of staff were working on Crowd Funding and expressed concerns about the process generally including the use of public money to employ people to do so. He also expressed concerns that the company behind crowd funding took 8% of the money raised.

The City Mayor responded that there were several members of staff who worked collaboratively to deliver crowd funding, but no one worked exclusively on this. The use of Crowd Funding provided a unique opportunity to raise funds and had been extremely successful. There was a cost however and this particular platform had worked very well elsewhere in the country and he was pleased to use it in Leicester. The City Mayor added that there were a number of ways the Council used money to fund projects in the community including through the ward community budget.

Councillor Cutkelvin praised Crowd Funding stating that it was a way of getting grass roots funding to help community initiatives and had been very successful in the Saffron Ward.

Proposals for a hotel in Churchgate

Councillor Porter referred to proposals for a hotel in Churchgate and queried whether this would impact on the Travelodge in the Haymarket to which the Council had put in £10m. He had expressed views that this was a waste of public money.

The City Mayor responded that the Council had not given money to Travelodge

but had invested the money in a scheme that would bring benefits to the city, including regeneration and a revenue return. This was no different to many other investments that the city made.

In response to a comment from Councillor Porter expressing concerns about the rate of return, the Director of Finance said that her advice was that the investment in the Travelodge was a wise investment and all due diligence had been applied. The investment in the whole package included the Haymarket car park which brought in significant income as well as the Travelodge.

Councillor Porter asked the City Mayor if he had genuinely been unaware that the Council had granted £150k to a business that his daughter later became involved with.

The City Mayor responded that, as he had explained many times, he had no part in that decision and knew nothing about it. In addition, any interest that was expressed in the use of the building in question, by a company that was owned by his daughter, came many months later.

Local Plan

Councillor Cutkelvin asked about the current status of the Local Plan.

The City Mayor responded that in respect of the Local Plan, the Government required local authorities to go through a long process with a number of different stages. The Local Plan process was on track and he thought that there would be a further consultation before it came back to the Council for adoption towards the end of 2019. After that there would be a public enquiry before the plan was finalised.

Councillor Cutkelvin asked if this timeline could be explained to Members of the Planning and Development Control Committee, as they were waiting for the plan's policies on issues such as saturation areas for student accommodation.

The City Mayor said that he understood the frustration asked for an officer to provide the details of the time line for the Local Plan, to all Councillors.

Councillor Dawood raised concerns relating to the number of empty shops that were being taken up by Takeaways or Betting shops.

The City Mayor responded that the Council had very limited ability to control the number of such establishments, but it might have more control if there were clear policies included in the Adopted Plan.

Action	By
For all Councillors to be given details of the timeline for the Local Plan	Director of Planning, Development and Transportation.

Brexit

Councillor Dawood asked the City Mayor about the implications of Brexit for Leicester; including for example, how care workers and the NHS might be affected.

The City Mayor responded that he shared people's frustration. Officers at the Council were doing their best to prepare for whatever Brexit might look like. A very useful report on this issue had been considered at the Audit and Risk Committee in December, and the City Mayor said he would ensure this was sent to Members of the Overview Select Committee.

Action	By
For the report on Brexit that was considered at the Audit and Risk Committee, be sent to Members of the Overview Select Committee.	Director of Delivery, Communications and Political Governance.

Right to Buy

Councillor Dawood asked for the City Mayor's views on the 'Right to Buy' policy.

The City Mayor responded that while there was such a desperate need for rented accommodation at a decent price with a responsible landlord, the 'Right to Buy' in areas such as Leicester, ought to be suspended at the discretion of local authorities. The City Mayor said that given the ability, he would want to suspend the 'Right to Buy' as the policy was putting some people into the hands of irresponsible landlords which left those people insecure and vulnerable.

77. GENERAL FUND REVENUE BUDGET 2019-2020 TO 2021- 2022

The Director of Finance submitted the Draft General Fund Revenue Budget 2019/20 to 2021/22. Members were asked to comment on the Draft Budget, prior to its consideration at the meeting of Council on 20 February 2019.

The Chair introduced the budget and explained that people were living in times of austerity and cities like Leicester had suffered the most. The Council's budget (on a like for like basis) had fallen from £358m in 2010/11 to £291m in 2019/20. The managed reserves strategy had helped the Council to continue to provide services.

The Director of Finance stated that the budget was a one-year budget with a three- year outlook, however there was a significant level of uncertainty as it was not yet known beyond 2019/20 how the Local Governing Financing system would work. In addition, it was not known how the Government would deal with the significant pressures around Adult and Children's Social Care. The budget had been discussed at all the Scrutiny Commissions and minute extracts of

those discussions had been circulated and would be appended to the report for Council.

The City Mayor said that he was very grateful for all the comments received from Scrutiny Commissions so far. Members heard that the Economic Development, Transport and Tourism Scrutiny Committee had requested a breakdown of bus lane enforcement income and Members should either have received that information or would do very shortly.

During the ensuing discussion, comments and queries were raised and the responses included the following:

- Councillor Cutkelvin, Chair of the Health and Wellbeing Scrutiny Commission stated that concerns had been raised at their meeting on 15 January 2019 which had not been included in the minutes, relating to additional pressures arising from the rising costs of licensed drugs treatment. This had been raised in connection to the contract with Turning Point. Councillor Cutkelvin said that in the context of Brexit, there had been news that the NHS could be impacted by the increased cost of drugs and she questioned whether there were any other risks of that nature that would affect the Health and Wellbeing budget envelope.

The Director responded that she was aware of such issues in relation to the Drug and Alcohol Service and which might also apply to the Sexual Health Service. A number of different suppliers were being used, as cost pressures could arise from being in a single supplier environment. This had been included in the risk register relating to Brexit and it was an issue that would continue to be monitored. There may be some issues arising from Brexit that would fall on Public Health and partner relations. The Director of Delivery, Communications and Political Governance was the lead in preparing for Brexit and would have more information on this.

- Councillor Cleaver, Chair of the Adult Social Care Scrutiny Commission said that Adult Social Care was a demand led service and the Commission understood the challenge of the budget and the difficulties arising because of the delay to the Green Paper. She asked whether there could be any further preventative measures put in place to help families and middle age people, because Adult Social Care affected other age groups and not just elderly people. The City Mayor agreed that as far as possible, the Council should continue to invest in preventative measures to help people's health and wellbeing.
- Councillor Porter asked if the Council had broken any rules by transferring funds from Adult Social Care to Children's services. He expressed a concern that the Council had misled people by doing this and questioned whether it was likely to happen again.

The City Mayor replied that between 2010 and 2020, the Council had seen significant cuts in spending power but while the budget had decreased significantly, the Council had increased its spending on both Adult Social

Care and Children's Social Care.

The Director of Finance explained that the Council had put significantly more money into Social Care than was raised through the precept. Efficiencies had been made because the Strategic Director had been able to deliver savings ahead of target and the savings were available to support the budget. The Director added that she would be required to certify that money raised through the precept was used for Social Care and this was something which she would be happy to do.

The Chair asked Members whether they supported the recommendations for Council, which were set out in Para 3 of the report. The Chair read out the recommendations as follows:

- 1) approve the budget strategy described in the report and the formal budget resolution for 2019/20, which will be circulated separately;
- 2) note comments received on the draft budget from scrutiny committees, trade unions and other partners;
- 3) approve the budget ceilings for each service, as shown at Appendix One of the report;
- 4) approve the scheme of virement described in Appendix Two of the report;
- 5) note the view that reserves will be adequate during 2019/20 and that estimates used to prepare the budget are robust;
- 6) note the equality implications arising from the proposed tax increase, as described in Paragraph 10 and Appendix Four;
- 7) approve the capital strategy, and associated prudential indicators, described in Paragraph 19 and Appendix Three;
- 8) emphasis the need for outstanding spending reviews to be delivered on time, after appropriate scrutiny; and
- 9) agree that the finance procedure rules applicable to trading organisations (4.9 to 4.14 of the report) shall be applicable only to City Catering, Operational Transport and Highway Maintenance.

AGREED:

that the Overview Select Committee support all the above recommendations as set out in the report.

Councillor Cutkelvin left the meeting during the consideration of this item of business and Councillor Porter left the meeting at the conclusion of this item of business.

78. TREASURY POLICY

The Director of Finance submitted a report that proposed a framework for the governance of Council's borrowing and investments. Members of the Overview Select Committee were recommended to note the report and make any comments to the Director, prior to Council consideration.

The Director gave a power point presentation which related to the Treasury Policy and also the Treasury Management Strategy 2019/20 (Agenda item 13), and the Investment Strategy (Agenda item 14). The power point is attached to the back of the minutes.

Members considered the report and presentation.

The Chair asked the Committee to note the report.

AGREED:

that the report be noted.

79. TREASURY MANAGEMENT STRATEGY 2019/20

The Director of Finance submitted a report that proposed a strategy for managing the Council's borrowing and cash balances during 2019 /20 and for the remainder of 2018/19. Members of the Overview Select Committee were asked to note the report and make any comments to the Director prior to Council consideration.

The Director of Finance gave a power point presentation as part of the introduction to the previous item of business, Agenda Item 12 the Treasury Policy. This presentation also related to the Treasury Management Strategy and the Investment Strategy (Agenda item 14).

Members considered the report and presentation.

The Chair asked the Committee to note the report.

AGREED:

that the report be noted.

80. INVESTMENT STRATEGY

The Director of Finance submitted a report that sought Council's approval of the Investment Strategy. Members of the Committee were asked to comment on the Strategy prior to its consideration at Council on 20 February.

The Director of Finance gave a power point presentation as part of the introduction to an earlier item of business, Agenda Item 12 the Treasury Policy. The presentation also related to the Investment Strategy and the Treasury

Management Strategy (Agenda Item 13 on the agenda).

At the conclusion of the presentation, the City Mayor thanked the Director for the presentation, commenting that it reflected on the work of highly skilled officers in Leicester City Council. The Council needed to be transparent about their investments and open to scrutiny. The City Mayor added that by acting entrepreneurially, the Council was adding to its assets.

Members commended the Director of Finance and finance officers for their careful management of Council monies.

A Member questioned the Council's stance on ethical investments and the Director responded that this was a difficult issue, but the Council invested as carefully as they were able and took into consideration the chain of investments. The Director added that the Council did not invest in arms or tobacco.

The Chair asked the Committee to note the report.

AGREED:
that the report be noted.

81. SCRUTINY COMMISSIONS' WORK PROGRAMMES

The Committee was asked to formally receive and note the Scoping Document for a review to explore the reasons for educational underachievement of 'African Heritage' pupils and 'white working class pupils' in Leicester. Councillor Dawood, Chair of the Children, Young People and Schools Scrutiny Commission explained that some of the issues had been ongoing for 40 or 50 years and the Scrutiny Commission would not be able to resolve the problem, but the review was a start in the process.

The Chair explained that the Scoping Document was for noting. The document had not been ready in time to be brought to the previous meeting of the Overview Select Committee, but Members had endorsed the scope in order that work on the review could proceed.

AGREED:
that the Scoping Document for a review to explore the reasons for educational underachievement of 'African Heritage' pupils and 'white working class pupils' in Leicester be noted.

82. OVERVIEW SELECT COMMITTEE WORK PROGRAMME

AGREED:
that the Overview Select Committee work programme be noted.

83. PLAN OF KEY DECISIONS

The Chair asked Members to be mindful of items on the Plan of Key Decisions that related to their own Scrutiny Commissions.

84. ANY OTHER URGENT BUSINESS

With the permission of the Chair, a Member asked the Committee to note that Downs Syndrome Day took place on 21 March 2019 and it was requested that Council staff be allowed to wear odd socks to raise money for the charity.

85. CLOSE OF MEETING

The meeting closed at 8.04pm.

OVERVIEW SELECT COMMITTEE – 7 February 2019

UPDATE ON THE PETITIONS MONITORING REPORT

The details of the following petitions have now changed since the report was published with the agenda:-

PETITION Date Received	LEAD PETITIONER	SUBJECT	NEW STATUS	REASON
10/09/2018	Rt. Hon Jonathan Ashworth MP	Petition over concerns about the speed of traffic on Guilford Road	PETITION PROCESS COMPLETE from Green.	Final letter sent to the Lead Petitioner 1 February 2019.
27/09/2018	Mr Lenny Moule	Petition calling for traffic calming measures and a 20mph speed limit on Stokes Drive and Darlington Road	PETITION PROCESS COMPLETE from Green.	Final letter sent to the Lead Petitioner 1 February 2019.
28/09/2018	Mr Jitu Gosai	Petition to double lane the eastbound stretch of A563 Glenfrith Way between Hallgate Drive junction and Anstey Lane Roundabout	GREEN from Red	Following a recent site visit with the lead petitioner, a proforma is now being prepared and the petition is expected to go Green soon.
03/10/2018	Salma Patel	Petition requesting the moving of a bus stop and installation of cameras on the bus lane on Humberstone Road to address problems for Oak Street / Farringdon Street residents	GREEN from Red	Pro-forma returned by the Scrutiny Chair. It is proposed to install Bus Lane Enforcement cameras in spring 2019, install yellow box junctions at each junction to stop vehicles stopping/queuing across the junctions.

Investment Strategies

Overview Select Committee

7th February 2019



14299

Purpose of Presentation

To describe:

- The Treasury Investment Strategy
- The “Commercial” Investment Strategy

To present the underlying investment principles.



14299

Why Two Strategies?

Treasury Investment Strategy

- Governs how we manage cash balances
- Part of Treasury Strategy for many years
- Security of money is paramount
- Over £200m at any one time

“Commercial” Investment Strategy

- Governs investments such as commercial property and loans to businesses
- New requirement for a strategy
- Investments need not be solely for financial reasons



14299

Treasury Investments



14299

Why do we have cash to invest?

Previous Capital Programmes:-

- Government used to support borrowing
- Have to raise money in budget to repay debt
- Actually repaying debt is too expensive

Cash Flow:-

- Council tax raised before spent
- Capital grant in advance
- Reserves

It is not money we can add to the budget.



14299

Cash Availability

Balances fluctuate considerably.

Some money has to be available at short notice.

Over £150m will always be invested.

We would prefer to repay debt with this but can't.



14299

Treasury Investment : Priorities

- **Security** : we must ensure we can get our money back.
- **Liquidity** : money available when we need it.
- **Return** : the interest rate (lowest priority).



14299

Security Issues

Strength of lender:-

- Government/local authorities
- Banks/building societies

Additional security sometimes available:-

- Government underwriting
- Charges on assets

Regulatory changes and “Bail In”.
Diversification.

Length of investment : shorter term is more secure.
Credit ratings/treasury advisors.



14299

Liquidity

We must be sure we can get money back when we need it – e.g. pay day.

Some money is therefore held in short term deposits/money market funds.

We must ensure investments don't all mature at the same time.



14299

Return

We want to maximise our income, consistent with security and liquidity.

Generally:-
Higher return
= Less liquidity
= More risk

If something looks too good to be true, it usually is.



14299

Some Lessons from the Past

BCCI.

Iceland.

Importance of member scrutiny.



14299

“Commercial” Investments



14299

Commercial Investments: Why a Strategy?

New Government requirement.

Response to some authorities making big investments:-

- Often outside own area
- Borrowing substantial sums

Government believes transparency and member oversight crucial.



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For example : Spelthorne BC

Net revenue budget £11m.

Borrowing from PWLB of £1bn.

Investments made/proposed:-

- £360m for BP business centre in Spelthorne
- £170m for offices in Hammersmith
- £160m for office development in Battersea
- £140m for 100, Cheapside



14299

What does the Strategy Cover?

Assets, such as investment property and

Loans to third parties which

“the Council holds primarily or partially to generate a profit”.



14299

What have we got?

The corporate estate:-

- Over 300 local properties
- Held for decades

Some loans to businesses.

Strategy doesn't cover:-

- Growing Places Fund
- Acquisition of York House

Big loan recently repaid (Blue Tower).

There are opportunities to do more.



14299

Where does the money come from?

Options include:-

- Mainstream capital programme
- “Prudential Borrowing”

“Borrowing” really means using the investments covered by the treasury strategy.



14299

Priorities

Security : balanced with service considerations (e.g. new jobs).

Return : the amount we get back – more complex than interest.

Liquidity : less important than for treasury investments.



14299

Our Principles

Seek to maximise income on corporate estate.

Investment outside LLEP area highly unlikely.

External expert advice where necessary.



14299

Controls

Future investment must comply with this strategy (but decisions still taken in normal manner).

Financial evaluations.

Maximum external debt permitted (backstop).

Controls over prudential borrowing:-

- In aggregate;
- By project.

Formal reporting to members.

Strategy changes need Council approval.



14299

Corporate Estate

Officers encouraged to invest/disinvest.

Some borrowing permitted.

Routine monitoring:-

- Yield
- Voids

Comparison with benchmarks.



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Other Allowable Investments

Commercial/Industrial Properties.

Non-HRA housing.

Development land and infrastructure.

Economic development loans to businesses.

Loans to/on behalf of LLEP.



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Monitoring of Other Investments

Achieved returns.

Capital growth.

Money paid back on time.

Write offs or loss of value.

Service benefits.



14299

Summary

These areas of work have always been important.

New Government interest due to behaviour of some authorities.

Approach now more regularised/greater member oversight.

Transparency.



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