



Leicester  
City Council

Minutes of the Meeting of the  
OVERVIEW SELECT COMMITTEE

Held: WEDNESDAY, 12 FEBRUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)  
Councillor Joel (Vice-Chair)

Councillor Dawood	Councillor Kitterick
Councillor Govind (sub for Councillor Khote)	Councillor March (sub for Councillor Joshi)
Councillor Halford	Councillor Porter

In Attendance:

Sir Peter Soulsby – City Mayor

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**55. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Joshi, Khote, Waddington and Westley.

Councillor March was present as the appointed substitute for Councillor Joshi and Councillor Govind was present as the appointed substitute for Councillor Khote. Councillor Sandhu was appointed as substitute for Councillor Waddington, but submitted apologies for absence.

**56. DECLARATIONS OF INTEREST**

Councillor Halford declared a Disclosable Pecuniary Interest in agenda item 11, "Housing Revenue Account Budget (Including Capital Programme) 2020/21", in that she was a Council tenant. Councillor Halford remained in the meeting during consideration of this item, but took no part in the discussion or voting thereon.

## 69. TREASURY MANAGEMENT STRATEGY 2020-21

The Committee considered this item plus the previous and following items simultaneously. (Minute 68, "Treasury Policy", and minute 70, "Investment Strategy 2020/21", refer.)

The Director of Finance gave a presentation on Investment Strategies, a copy of which is attached at the end of these minutes for information. During the presentation, particular attention was drawn to the following points:

- The Council's Treasury Policy set out the framework for the governance of the Council's borrowing and investments. The Treasury Management Strategy described how this would be done and the Investment Strategy set out the Council's approach to making and holding investments that were not made for normal treasury management purposes;
- Security of the Council's money was paramount;
- Penalty charges were incurred on debts repaid early, so it usually cost less to maintain a debt than to repay it. Nonetheless, money still had to be set aside in the budget to repay debt;
- The Council often had money before it needed to spend it. For example, staff salaries were paid at the end of the month and reserves were maintained. This meant that balances could fluctuate considerably day by day;
- The safer an investment was, the lower the return on it;
- Specialist advisers were used to help with investments, to make sure these investments were robust;
- As the Council's balances continued to grow, efforts continued to find the best ways to make this money work for the city;
- Currently, a better rate of return was received from lending to other local authorities than from bank interest;
- Along with a number of other local authorities, the Council was actively exploring environmentally and socially responsible investment;
- Some local authorities had bought commercial investments located a long way outside of their area and were borrowing very large amounts. This could create a high level of risk and raised questions of how assets managed at long distances could be transparent investments;
- This Council had invested in property in the city for many years. This currently generated approximately £6million income per year to support the Council's budget; and

- There was regular churn on the corporate estate, with properties being bought and sold as necessary.

The City Mayor reiterated the importance of the corporate estate to the city and the Council, and advised the Committee that discussions were being held with officers about how the performance of the estate could be made more transparent. One option was to present an annual report that included information such as what the Council held, income from this, expenditure and surpluses. It was hoped that the first such report could be presented to Council in the summer of 2020

In response to a Member's query, the Director of Finance explained that the Council did not invest in property abroad, as due diligence was very hard there. Some years previously, the Council had lent money directly to European banks, but since the collapse of the Icelandic Banks had ceased to do so, even though this Council had not invested in Iceland.

**AGREED:**

- 1) That the Chief Accountant be asked to circulate details of how to access the map showing all of the property owned by the Council to all Members;
- 2) That the report be noted; and
- 3) That this Committee supports the approach being taken to managing the Council's resources and investing for the future.

*Councillor Kitterick left the meeting during the presentation referred to above*