



Leicester  
City Council

Minutes of the Meeting of the  
OVERVIEW SELECT COMMITTEE

Held: THURSDAY, 4 FEBRUARY 2021 at 4:00 pm

P R E S E N T:

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

Councillor Gee (sub for Councillor Halford)	Councillor Joshi
Councillor Kitterick	Councillor Porter
Councillor Waddington	Councillor Westley

In Attendance:

Sir Peter Soulsby	City Mayor
Councillor Clarke	Deputy City Mayor, Environment and Transportation
Councillor Cutkelvin	Assistant City Mayor, Education and Housing
Councillor Dempster	Assistant City Mayor, Health
Councillor Hunter	Assistant City Mayor, Tackling Racism and Disadvantage
Councillor Master	Assistant City Mayor, Neighbourhood Services
Councillor Myers	Assistant City Mayor, Jobs, Skills, Policy Delivery and Communications
Councillor Patel	Assistant City Mayor, Communities, Equalities and Special Projects
Councillor Singh Clair	Deputy City Mayor, Culture, Leisure, Sport and Regulatory Services

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**137. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Halford. Councillor Gee was present as the appointed substitute for Councillor Halford.

The Committee noted that Councillor Thalukdar was present as a substitute Member.

### **138. DECLARATIONS OF INTEREST**

Councillor Joshi declared an Other Disclosable Interest in the general business and budget items of the meeting in that his wife worked in the Reablement Team at the Council.

Councillor Westley declared an Other Disclosable Interest in agenda item Appendix D Draft Housing Revenue Account Budget (Including Capital Programme) 2021/22, in that some members of his family were Council tenants.

In accordance with the Council's Code of Conduct, these interests were not considered so significant that they were likely to prejudice the Councillors' judgement of the public interest. They were not, therefore, required to withdraw from the meeting.

### **151. INVESTMENT STRATEGY 2021/22**

The Director of Finance submitted a report which on the Investment Strategy 2021/22 which defined the Council's approach to making and holding investments, other than those made for normal treasury management purposed, the latter of which was described in the Annual Treasury Management Strategy.

Members of the Overview Select Committee were recommended to note the report and make any comments to the Director of Finance prior to Council consideration.

The Director of Finance presented the report and made the following points.

- A couple of years ago the Government were nervous about some councils investing heavily in property and recommended that councils should have an Investment Strategy so it was very clear and Council approved what could and could not be done by the council and thresholds around it.
- The report was very similar to the previous year. It was noted the council would invest in property to generate income but the investment would remain in the local economic area. Examples of investments were set out in the report and included Leicestershire County Cricket Club who were supported through a secure loan which was backed by the English Cricket Board.
- Other schemes highlighted included Ethically Sourced Products and a company that needed to move to larger premises to continue to grow.
- The security of the investment remained the number one priority.

In response to Members' questions the following points were made:

- Reference was made to the £600k lent to the Haymarket Theatre Consortium which was lost, and if consideration had been given where there wasn't an

asset a charge could be put on to ask for personal guarantees which was a standard practice with banks. The meeting was informed that personal guarantees had been used particularly with the authority's role with LLEP as accountable body, but were fraught with difficulties and could mean the difference between someone wanting to continue with a scheme, but could also force an individual into a bankruptcy situation and was not something done lightly, but are certainly a tool to consider.

- The Cricket Club was a good example, in that they had offered a charge on the ground but because of planning constraints the Council would not have been able to sell or develop the property to recoup its money. A tripartite agreement had been reached with the English Cricket Board. Initially £700k had been lent then £1.7million, with a reasonable 5% return and an asset maintained in the city. If there had been an issue with the club in the future, the English Cricket Board would pay the balance of the loan. It was confirmed the Cricket Club had not been approached about cheap finance but had approached the Authority as a significant partner with new leadership at the club.
- Travelodge was complete but had delayed opening due to the current Covid-19 situation. No money had been given to the Authority to date. It was further pointed out that hoteliers rarely owned their assets and had long leases on hotels being common industry practice.
- With regards to the performance of the corporate estate because, the valuation basis most often seen was for the purposes of the annual accounts unlike the private sector. It was reported that the value in commercial terms was about £133million. Questions from the Mayor had led to a piece of work underway towards a report to Council on the performance of the corporate estate and policies employed, to see whether the authority was getting a decent return when benchmarked against other local authorities and potentially other commercial property landlords.

The City Mayor confirmed the report was near to completion and would be available to Members and the public within a matter of weeks and would be the first of an annual report on the portfolio. He added it was important because of the income and contribution to the revenue budget.

The City Mayor further noted that with the Travelodge, the Authority had not given them any money, but had invested in an asset that would provide the Authority with an income, had brought the building back into use and regenerated the Haymarket Centre of which it was a part. The City Mayor confirmed the deal had been sealed with Travelodge in December 2020 and a commencement date agreed on when they would begin the income stream to the Council regardless of when they opened.

The City Mayor further informed the meeting the Haymarket Theatre was left abandoned before he was elected as Mayor and had drained resources from the Council. The Council had invested in the theatre, with the overall majority of the investment secured and was an additional asset to the city.

- It was asked how many council housing tenants were in arrears because of Covid-19. The Director of Finance would write to Members with the details.

- A reference was made to the investment by the Council in Pioneer Park which was seen as positive investment aimed at creating employment and business and was expected to bring a net surplus of £100k per annum. It was asked if the Council could pursue this sort of strategy. The Director of Finance agreed it there could be more investment of this kind in the City's own economic area. Councillor Myers, Assistant City Mayor also noted it was a model that had worked very well at LCB Depot also, where a particular sector of the economy had been targeted, the space had been managed really well, had brought businesses to the city and returned a profit for the Council.

The Chair thanked the Director of Finance for the report.

AGREED:

That:

1. The report be noted.
2. The Director of Finance to write to Members with details of tenants in rent arrears due to Covid-19.