

# CABINET

## Detailed Investment Strategy Proposals 15 January 2019

### Report of Interim Financial Services Manager

PURPOSE OF REPORT			
To consider the Property Investment Strategy to consider if it is appropriate to refer to full council.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	3 December 2018		
This report is public.			

#### RECOMMENDATIONS OF COUNCILLORS HANSON AND WHITEHEAD

- (1) That the draft Council report in Appendix 1 be referred to full council for approval.

#### 1.0 Introduction

- 1.1 Lancaster City Council is proposing to consider opportunities for commercial property investments. This report considers the Property Investment Strategy. The principles of the strategy were considered and approved by Cabinet on 18 December 2018. A workshop on the strategy was attended by a number of members on 11 January 2019. A separate report on governance arrangements is included on this agenda.

#### 2.0 Proposal Details

- 2.1 The details are provided in the attached draft strategy (Appendix 1). Cabinet is required to make these policy proposals to full council for Council to approve.

#### 3.0 Details of Consultation

- 3.1 Officers have provided a series of briefing session on the *Funding the Future* strategy which have been open to all members. A briefing was held on the Property Investment Strategy in December and a workshop in January.

#### 4.0 Options and Options Analysis [including risk assessment]

	Option 1: Approve	Option 2: Not Approve
Advantages	The prospect of long term financial resilience to help maintain the provision of good quality council services	None
Disadvantages	New ways of working and adapting reasonably quickly to new approaches.	A series of hard and unpalatable decisions will need to be taken on cuts and service reductions.
Risks	Commercial property investment brings some risks and these are covered in some detail in this report.	Potential financial instability delivery of services being reduced.

#### 5.0 Officer Preferred Option (and comments)

- 5.1 Option 1 Is the preferred option as the development of a robust Property Investment Strategy is the next logical step following the agreement by Cabinet to the principles of the *Funding the Future* Financial Resilience Strategy. Cabinet is asked to consider the approval of the attached paper to full Council.

**RELATIONSHIP TO POLICY FRAMEWORK**

This proposal will relate directly to the Medium Term Financial Strategy and the implementation of the Funding the Future programme

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Human Resources, Sustainability and Rural Proofing)**

None

**LEGAL IMPLICATIONS**

In accordance with section 120(1), Local Government Act 1972, the Council has the power to acquire any land where it is for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area.

If the Council decides to dispose of land, there is a legal requirement to obtain best value (with very limited exceptions)

Depending on the nature of the particular type of property concerned, there may be other statutory requirements or procedures to be undertaken before any acquisition, appropriation or disposal of land.

In addition to this the General Power of Competence, introduced by the Localism Act 2011, permits a local authority exercising the general power:

.... to do it in any way whatever, including—

- (a) power to do it anywhere in the United Kingdom or elsewhere,
- (b) power to do it for a commercial purpose or otherwise for a charge, or without charge, and
- (c) power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

This would mean the Council would have to set up a company to manage property purely for financial gain if it decided to exercise the general power.

**FINANCIAL IMPLICATIONS**

Property investments will require borrowing and will make a financial return. The yield calculation within the strategy is designed to ensure that all financial implications from any property investment are captured.

**OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:**

This proposal supports the generation of commercial opportunities arising from the regeneration directorate.

**SECTION 151 OFFICER'S COMMENTS**

This is a report of the Section 151 Officer.

**MONITORING OFFICER'S COMMENTS**

The Monitoring officer has been involved in the drafting of this paper.

**BACKGROUND PAPERS**

Cabinet paper (18 December 2018) on  
property investment principles

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