



## **SCRUTINY COMMISSION – 8 SEPTEMBER 2021**

### **CORPORATE ASSET INVESTMENT FUND** **ANNUAL REPORT 2020/21**

#### **MINUTE EXTRACT**

The Commission considered a report of the Director of Corporate Resources which set out the performance of the Corporate Asset Investment Fund (CAIF) for 2020/21. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

In response to questions raised, the Head of Strategic Property Services confirmed the following:

- The gross income across the Corporate Asset Investment Fund portfolio was £7.46m.
- No substantial developments on Council owned farmland had been accounted for in the current financial year. Planning gain on such land had been shown in the previous years accounts and so had already been transferred into the 'development land' category.
- The Council acquired most of the farmland it currently owned in the 1920's. New land was currently acquired on a 'one in – one out' basis i.e. if the Council were to sell land for residential or development use it would seek to replace that within the portfolio. The purchase of further land would also be considered where this adjoined an existing farm holding.
- The Council currently owned 7,700 acres of farmland. Each holding was let and lettings were managed by the Strategic Property Services team.
- Office premises owned by the Council tended to be let on a 10 year lease with a 5 year break clause, or on a 15 year lease with a 10 year break clause. The Lease of the new premises built at LUSEP was for a 15 year period with a break clause at 10 years. Income from LUSEP would be reported next year, as this financial year the tenant had the benefit of a rent free period.
- A full review and valuation exercise was undertaken of every property asset owned by the Council every year. This was undertaken by the Department's in house valuers, taking account of national comparables and other bench marks.

Arising from subsequent discussion, the following matters arose:

- (i) A member queried whether legislation relating to the delivery of large scale infrastructure sites which prevented large housing developments within a certain distance would apply to the Hinckley National Rail Freight Interchange proposals and therefore affect the development proposed at

the M69 J2 Stoney Stanton site. The Head of Strategic Property Services reported that this would not affect proposals and no issues had been raised during discussions with the National Infrastructure Commission which envisaged housing being delivered on the adjoining site. Nor had issues been raised by the district council or Tritax who were bringing forward the rail freight proposals.

- (ii) Members challenged the approach to invest extra capital into the Fund to support long term projects considering the immediate short-term financial pressures faced by the Council, as detailed in the Medium Term Financial Strategy monitoring report considered elsewhere on the agenda.

The Lead Member, Mr L. Breckon CC, agreed it was important for him and Scrutiny to test the current approach to invest in CAIF projects. However, he provided assurance that he and officers looked at each commercial investment proposal critically to ensure its long-term benefits outweighed any potential short term gain. He confirmed that where this was not the case then consideration would be given to selling an asset to realise its value to offset other budget pressures.

The Director confirmed that performance of the Fund had been exceptional, it having generated significant additional income for the Council for several years. This had been allocated to support front-line services and reduce the need for savings which might have otherwise been necessary. On balance, the current approach was considered still to be the right way forward.

A member commented that the ongoing long-term revenue benefit currently outweighed any short term, one off benefits that could be realised by the sale of an asset. This was despite the economic pressures faced by the Council during 2020 when the Fund had still managed to generate an overall return of 6.1% which was excellent in the circumstances.

**RESOLVED:**

- (a) That the performance of the Corporate Asset Investment Fund during 2020/21 be noted and welcomed;
- (b) That the current approach to invest in CAIF projects be supported but that this continue to be monitored and kept under review.