Leicestershire County Council

# SCRUTINY COMMISSION – 2 SEPTEMBER 2026

## MINUTE EXTRACT

## Investing in Leicestershire Programme Annual Performance Update 2025/26

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to set out the performance of the County Council's Investing in Leicestershire Programme (IILP) in 2025/26. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were noted:

(i) The reduction in the value of the Fund was not considered to be a cause for concern. It was explained that this reflected updated market valuations rather than a reduction in the income being generated by the Fund. In particular, the valuation of some office assets, including Embankment House in Nottingham, had reduced due to wider market conditions and lease expiry assumptions, but this did not affect the rental income currently being received from existing tenants

(ii) Members noted that the valuation of the Council's office assets took account of tenants coming to the end of their lease and who may therefore choose to vacate, and the relative merits of selling properties with sitting tenants or with vacant possession.

(iii) The sublet element of office accommodation at County Hall had remained relatively constant and, pending the establishment of shadow authority arrangements for Local Government Reorganisation, the Fund would continue to operate on a business-as-usual basis in respect of this property.

(iv) In response to questions concerning the valuation of farmland, Bosworth Battlefield and other heritage assets, it was explained that specialist valuation methods were used employing external valuers. It was also noted that different categories of heritage asset including parkland, were valued in different ways.

(v) The allocation of IiLP assets between successor authorities following Local Government Reorganisation remained uncertain and would ultimately be a political decision to be negotiated and determined by the two shadow authorities once established. Different approaches, including allocation by geography, could be considered. The Director advised he would recommend that the rural estate remained intact as currently held by the County Council as dividing it could affect the overall sustainability and therefore benefit to the rural parts of Leicestershire. Regarding timing, it was noted that settlement of land assets and other comparable issues in Northamptonshire which had been reorganised some time ago had only recently reached a conclusion and therefore locally this could take a considerable period to resolve.

(vi) Members questioned the difference between the target and actual asset allocations. It was noted that the target had been established in early 2024 following advice from the Council’s external advisors, Hymans Robertson. Subsequent increases in the directly held property portfolio, together with the recent return of £7 million from diversifiers, had moved the Fund further from the target. The next review of the Fund would be carried out imminently and this would inform the future direction of the Fund and targets set.

(vii) It was questioned if investments in pooled property assets could truly be considered ‘diversifiers’ given they were still invested in property. It was noted that a focus on property had been the original aim of the Fund but that for these types of investment, this was no longer considered appropriate. Therefore, monies recently returned from pooled property investments had not been reinvested in property and the plan remained to reduce the Fund’s property exposure.

(viii) Whilst there had been a reduction in debt, £631,000 remained. It was noted that this was below target and spread across all asset classes. The Director undertook to provide a breakdown of the total debt across each asset class and to circulate this to members after the meeting.

(ix) Regarding the Lutterworth East Strategic Development scheme, it was explained that due to the scale and complex nature of the scheme, its viability is reviewed periodically against prevailing market conditions and changes made to the scheme as necessary. For example, land originally allocated for offices currently had lower value than historically owing to limited demand and alternative uses could therefore be considered. It was emphasised that this did not necessarily mean reducing the scope of the scheme. Discussions were ongoing with Homes England and the process of reassessment, replanning and taking action to improve delivery would continue throughout the development.

(x) Members requested that future reporting on key performance indicators set out in the appended IILP Performance Report make clearer whether targets were being achieved, for example through appropriate RAG rating.

RESOLVED:

(a) That the report be noted and comments now made be noted and presented to the Cabinet at it its meeting in September for consideration;

(b) That the Director be requested to provide a breakdown of the £631,000 debt across all asset classes and that this be circulated to members of the Commission;

(c) That future reports on key performance indicators be made clearer as to whether targets were being achieved, for example through appropriate RAG rating.

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