

INCOME GENERATION SUB-COMMITTEE

11th March 2021

Present: Councillor Jabba Riaz in the Chair
Councillors Agar, Bayliss, Mackay (Vice-Chair) and Mitchell

Officers: Mark Baldwin, Head of Finance
Shane Flynn, Corporate Director – Finance and Resources

29 Appointment of Substitutes

None.

30 Declarations of Interest

None.

31 Public Participation

None.

32 Minutes

RESOLVED: That the minutes of the meeting held on 28th January 2021 be approved as a correct record and signed by the Chair.

33 Proposed Committee Performance Scorecard for 2021/22

The Sub-Committee considered the proposed content of the Income Generation Performance Scorecard for 2021/22. The Corporate Director – Finance and Resources presented the report and summarised the main points.

In summary, the key Projects and Activities for 2021/22 were:

- Commercial Strategy delivery
- Income Strategy delivery
- Sports facilities development

The following 2020/21 Projects and Activities had been removed for the reasons stated:

- Guildhall Marketing and Promotion (now completed)
- Riverside Park Improvements (now part of Towns Fund project)

One new project was proposed for 2021/2022:

- Housing Development Company – Feasibility Assessment

Reference was made to The Key Performance Indicators. It was explained that budgets had been set at the same level as pre-Covid and the government's compensation scheme would apply for the first quarter.

Officers responded to questions from Sub-Committee Members. It was explained that the current year budget Trade Waste Collection is far short of the forecast due to so many businesses being closed or operating a reduced service. The proposed income target for 2021/22 should be achievable assuming a return to normal trading. Performance will also benefit from the introduction of pay by weight and the fact that there is a new large customer.

RESOLVED: That the Sub-Committee agree the proposed content of the Income Generation Performance Scorecard for 2021/22.

34 Local Authority Development Company

The Sub-Committee considered a report on how the Council can support the development of private sector housing and properties to let at market rents. The Corporate Director – Finance and Resources presented the report and explained the background to this piece of work, which supported the decision of the Communities Committee to engage specialist housing advice to help the Council identify how it can best intervene in the provision of social and affordable housing within Worcester. The Council would need to consider the best vehicle for housing delivery, which could include a Development Company established to operate on a commercial basis but with objectives to deliver mixed tenure developments to suit the Council's dual objectives of increasing social housing and securing a return on its investments. For this reason the Sub-Committee were asked to consider authorising the engagement of specialist strategic housing advice.

Members of both this Sub-Committee and the Communities Committee would be engaged in reviewing the findings.

In the ensuing discussion, Sub-Committee Members expressed the view that, whilst there is a balance to be achieved, the Council should not lose sight of the income generation aspect of any proposal for housing development. Reference was also made to the potential risk associated with any development and learning from example.

RESOLVED: That the Sub-Committee agree to:

- 1. approve the engagement of specialist strategic housing advice to work with the Council in order to identify the most effective role the Council can play in order to respond to local development needs; and**
- 2. approves the allocation of up to £10,000 from the Income Generation Fund in order to fund this work.**

35 Real Estate Investment Trusts (REIT)

The Sub-Committee considered a report on real estate investment trusts (REITs). The Head of Finance presented the report and explained that, as part of the 2021/22 budget settlement, HM Treasury had announced that it intends to prevent local authorities from using PWLB loans to invest directly in properties purely for the purposes of generating income. The Council therefore needed to continue to identify forms of investment that will provide income streams in excess of the rates achievable through cash investments.

The report set out the benefits of REITs to investors and some of the conditions that a REIT needs to satisfy. The proposal was to carry out a review of investment opportunities with a range of REITs in order to gain the benefits of their tax advantages and also to increase the diversification of the Council's investment portfolio.

Sub-Committee Members expressed support for the proposal. Members considered this to be a reasonably secure investment.

RESOLVED: That the Sub-Committee note the proposal to extend the Council's investment instruments to include real estate investment trusts.

36 Any Other Business

None.

Duration of the meeting: 7.00p.m. – 7.42p.m.

Chair at the meeting on
9th June 2021

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