

Richard Pavitt, Great Chesterford 31/01/19

Thank you Mr Chairman.

I wrote to you in October with questions relating to the council's purchase of 50% of Chesterford Research Park. These questions remain unanswered. I fail to see why it should take quite so long to respond to what are straightforward questions, so I will restate those questions and expand on a number of points.

The Govt is on record as saying the prime duty of a local authority is to provide services to local residents, not to take on disproportionate levels of financial risk by undertaking speculative investments, especially where that is funded by additional borrowing and is to fund yield generation.

Where I refer to Govt regulation it is to the **STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS** as issued under the Local Government Act 2003.

Returning to my questions:

1. Would you consider that Chesterford Research Park represents a disproportionate level of financial risk, especially as the council has, in effect, put all its money on a single bet?
2. Did the council at that time have an "Investment Strategy" approved by full council as laid down in statutory Guidance? To my knowledge there was no such strategy.
3. Do the elected members and statutory officers involved in the investment decision-making process have the appropriate capacity and skills?
4. The declared purpose of the investment was to generate income. I recall seeing the term "*to plug the gap in the council's income.*" The following guidance in a Q&A on the Ministry of Housing, Communities & Local Government web site states: "*borrowing solely to fund yield generating investments is borrowing in advance of need.*"

With the foregoing in mind, why did the council ignore Government regulation that states: *Authorities must not borrow more than, or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.*

The council has since sought to justify the purchase as having multiple objectives but that appears little more than convenient retrofitting.

In conclusion, it appears that the council not only contravened regulations but also made the investment and borrowing without a published investment strategy that demonstrated a full appreciation of the risks and the market it was operating in.