



East of England
Local Government Association

LATC: Adapt to Thrive

Mark Twain: 'The reports of my death are greatly exaggerated'

Commercialisation Masterclass: 20th May 2021

Presentation by: Dave Fergus & Colin Taylor – East of England LGA Talent Bank Associates

A Brief History:

- 2011 Localism Act: Wider powers to trade (GPC)
 - Surge in creation of LATC's (flexible delivery vehicle)
 - Investment in property increasingly common but many other LATC types (insourcing, service externalization, traded services for profit etc)
 - Much investment financed through cheap borrowings from the Public Works Loan Board (PWLB)
 - Concern capital framework was being over-stretched by some led to a reform of PWLB rules
 - Number of recent high profile business failures
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Recurring Issues: LATC Failures

Recent reports in the public interest highlight recurrent issues of:

- Poor commercial decision making
- Weak business oversight
- Lack of robust, evidence based, Business Cases
- Ineffective communication: Council and Company

Takeaway message: Need to learn from this peer group experience

PWLB: New Rules

- Three-year capital plan
 - S151 officer (or equivalent) to confirm:
 - not borrowing in advance of need; and
 - not buying investment assets primarily for yield.
 - Non compliance risk: barred from PWLB borrowing and/or having to repay them
 - Investing in commercial property for yield is not of itself a breach of PWLB lending arrangements – acquisition purpose is key.
 - Alternative funding routes are available
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Summary:

- LATC's here to stay but these are challenging times
 - Challenge = commercial opportunity as well as risk
 - Timely to review current LATC's and future plans
 - East of England LGA can provide expert support:
 - strategic / commercial review;
 - restructuring; and
 - recovery (if needed).
 - EELGA actively promotes knowledge sharing and members are entitled to free mentoring session
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Presenter Contact Details



As East of England LGA Talent Bank Associates, we are always pleased to provide informal input to EELGA members – our contact details below:

Dave Fergus

E: dfergus64@outlook.com

M: 07590 613527

Colin Taylor

E: colin@cgtconsulting.co.uk

M: 07812 047731
