

Canada Life agrees £73m Wightlink Ferry Terminal deal

By James Buckley - Tuesday, December 13, 2016 15:40

 Print

Canada Life has agreed a £73m income strip lease deal with Portsmouth City Council over the Wightlink Ferry Terminal, CoStar News can reveal.

Portsmouth City Council, advised by GVA, has granted Canada Life a new long leasehold interest for a term certain of 41 years. In return Portsmouth City Council has entered into an overriding 41 lease at a rent of over £2m per annum subject to upward only annual RPI rent reviews.

The property was originally let to Wightlink Ltd on identical terms and this occupational lease will remain in place.





Portsmouth
CITY COUNCIL

Centre for
Urban & Regional
Development Studies
CURDS



“The deal we have signed with Canada Life will...allow us to use the capital we receive from Canada Life to invest through our property investment strategy, generating at least an extra £2m per year. This deal has enabled us to more than double the amount of money we receive by way of rent from Wightlink annually” (Tom Southall, Corporate Asset Manager, Portsmouth City Council, quoted in Buckley 2016: 1)



Canada Life™

Centre for
Urban & Regional
Development Studies
CURDS



“Canada Life was very pleased to be selected as the preferred bidder against stiff competition. The income stream secured from the Council provides an ideal match for the Company's income annuity liabilities. The income strip structure is a novel way for the private sector to provide financial support to the public purse whilst leaving the reversionary value in public sector hands”
(Michael White, Property Investment Director, Canada Life, quoted in Buckley 2016: 1)

Financialising city statecraft

RSA Winter Conference, London, November 2018

Andy Pike, Peter O'Brien, Tom Strickland, Graham Thrower and
John Tomaney

andy.pike@ncl.ac.uk



Explaining the financialising of the local state

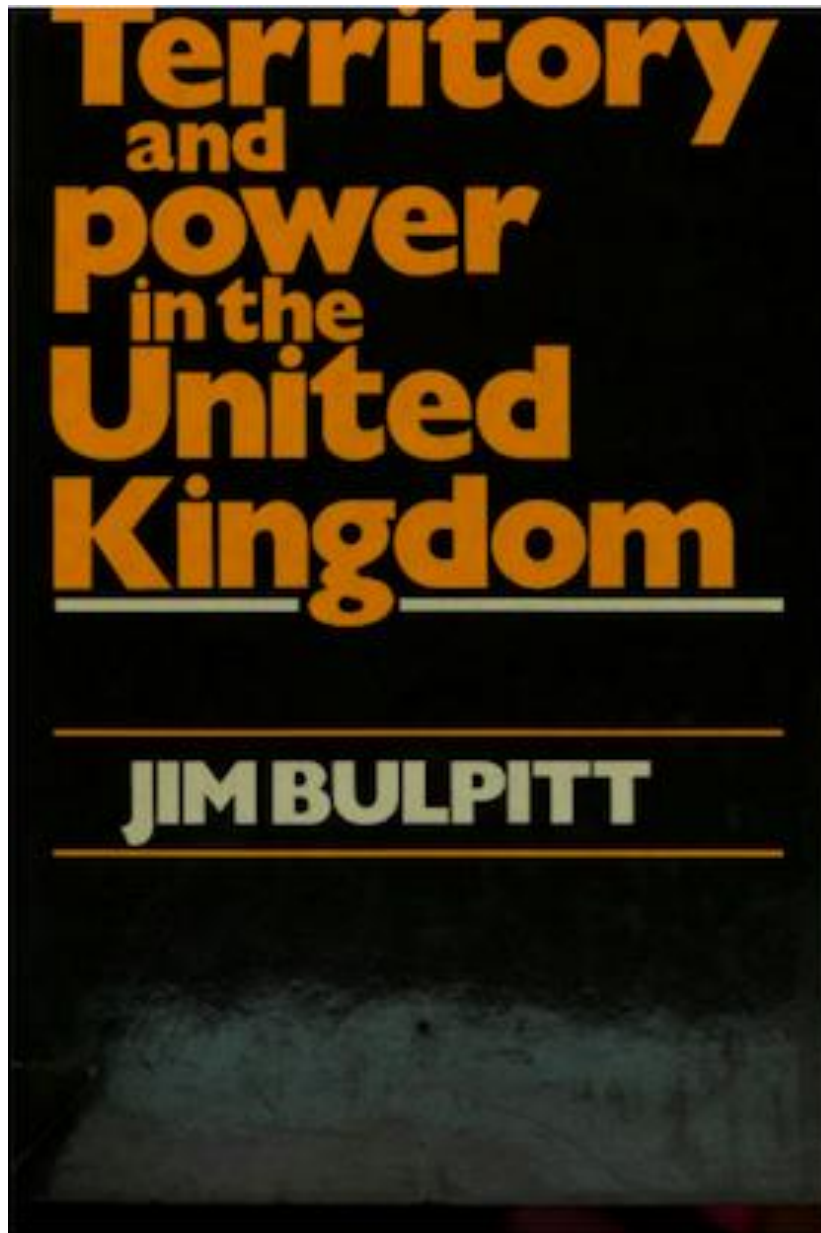
- Managerial, entrepreneurial or financialised governance?
- Towards city statecraft...
 - I – Colliding municipal and public with commercial and private finance
 - II – Selling, holding *and* buying public assets
 - III – Continuing national government managerialism and control
- Conclusions

Managerial, entrepreneurial or financialised governance?

Managerial	Entrepreneurial	Financialised
<ul style="list-style-type: none"> • Direct national and local state ownership, management and planning • Nationalisation and national state-regulated provision of public goods – constructing the ‘modern infrastructural ideal’ • Economic and social objectives in national Keynesian frame • National government funding and financing through taxes, user fees, grants and debt 	<ul style="list-style-type: none"> • Privatisation, contracting-out and ‘marketisation’ • National and local state ‘hollowing-out’ – dismantling the ‘modern infrastructural ideal’ • Economic objectives, cost reduction priority, consumer service provision • Public-private partnerships • Public funding of private financing, user fees and debt 	<ul style="list-style-type: none"> • Financial institution and capital markets engagement • National and local state-market inter-relations, hybrid institutions • Productivity and growth objectives, fiscal localisation • New ‘asset class’ risk, return, maturity focus • Securitisation, ‘value capture’ mechanisms, public commercial asset leverage, leasing, revolving funds

The limits of existing frameworks

- Reaching the limits of archetypes and transformation frameworks... ‘entrepreneurial’ (Harvey 1989), ‘financialised’ (Aalbers 2015), ‘asset price’ (Byrne 2016), ‘speculative’ (Goldman 2011), ‘austerity’ (Peck 2012)...urbanisms and governance?
- Inconvenience of enduring managerialism...especially in highly centralised political economies and variegations of capitalism (e.g. UK, O’Brien and Pike 2018)
- Challenge to explain the “messy actualities” (Fuller 2013: 645) of mixing, hybridising and “mutating urban governance” (Peck and Whiteside 2016: 6)...



The emergence of ‘statecraft’ in local, regional and urban studies I – Examples

- Bulpittian analyses of decentralised governance in England (Ayres *et al.* 2017, Moran *et al.* 2018)
- “Scalecraft” (Fraser 2010: 332) as part of statecraft (Pemberton and Searle 2016, Morphet 2017)
- Statecraft without Bulpitt: ““geo-economic statecraft at the municipal level” (Kutz 2017: 1224) and “municipal statecraft” beyond growth agendas (Lauermann 2016: 1)
- Localised statecrafts: “Malagueñian statecraft” (Kutz 2017: 1233)

The emergence of 'statecraft' in local, regional and urban studies II – Contributions

- Interrogating sub-national governance and its historical continuities
- Illuminating statecraft's geographical and territorial basis
- Revealing the agency of actors involved in the operation and practice of statecraft
- Identifying the connections of local and municipal statecraft to broader para-state, private and civic actors and wider geo-economic and geo-political relations and contexts

The emergence of ‘statecraft’ in local, regional and urban studies III – Critique

- Selective use of Bulpitt’s approach with limited reference to critiques and further elaboration
- Statecraft invoked but not specified, defined or situated in a wider conceptual and theoretical framework
- Uneven treatment of statecraft’s scalar/territorial and relational/networked geographies
- Partial recognition of the temporally and geographically specific nature of statecraft conceptions and theorisations

Towards city statecraft I...

- “the art of city government and management of state affairs and relations...concerned with the practice of government and governance, how state authority and power is accumulated and deployed by city government, and how the affairs of city government are administered in relations with other state, para-state and non-state actors at the city/city-regional scale and with the national state and supra-national institutions” (Pike *et al.* 2019)

Towards city statecraft II...

- Handles complexity, contingency and differentiated outcomes of governance in particular geographical and temporal settings
- Analyses and explains messy agency of actors, their interests, inter-relations, and politics over space and time
- Identifies actors in funding, financing and governing cities and addresses what is being financialised by who, where, when, how and why?

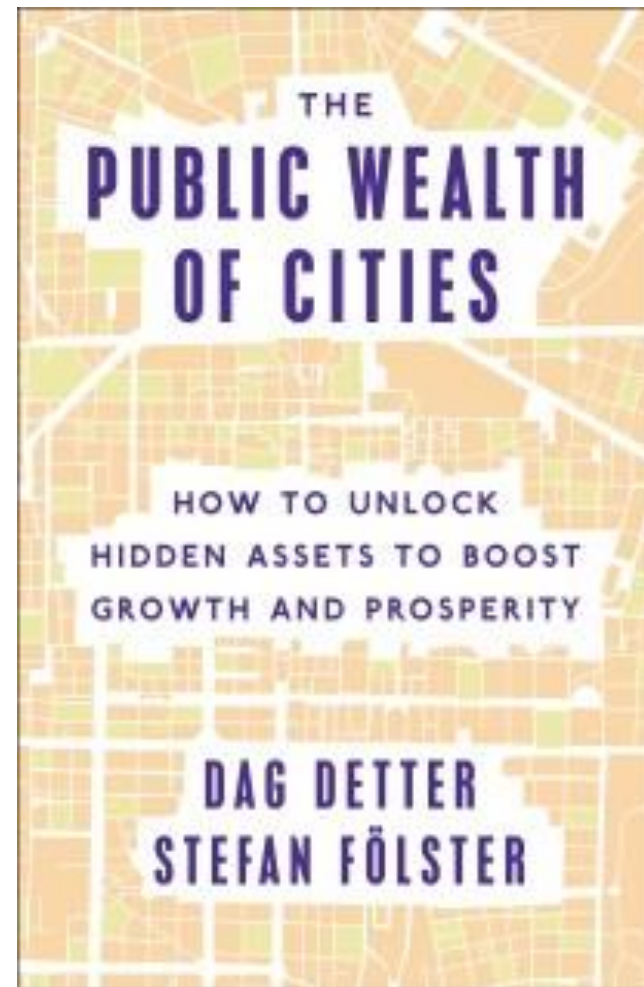
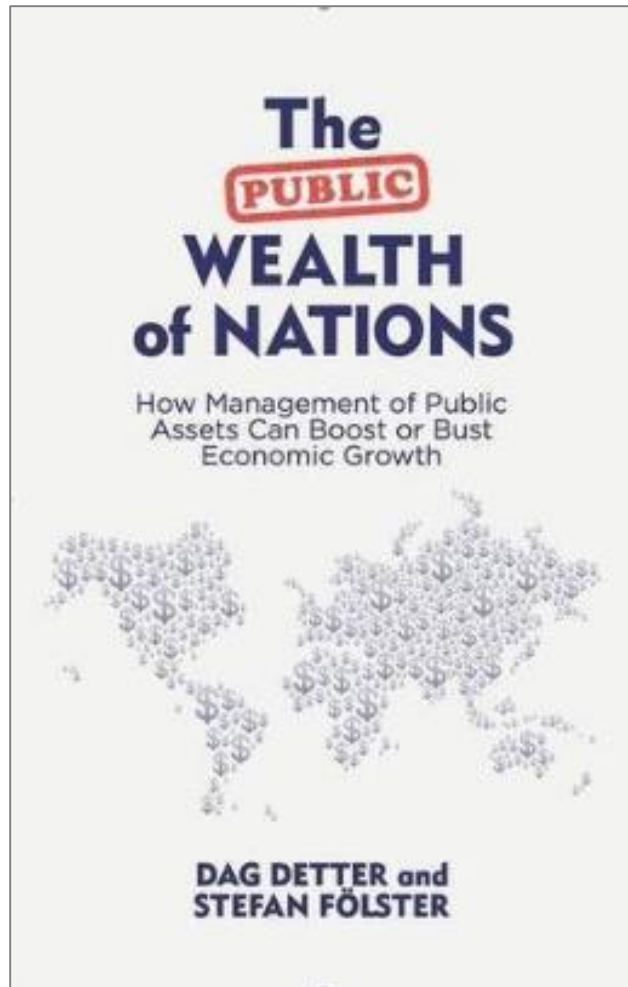


Financialising City Statecraft and Infrastructure

Andy Pike, Peter O'Brien, Tom Strickland,
Graham Thrower and John Tomaney

I – Colliding municipal and public *with* commercial and private finance

Dimension	Municipal and public	Commercial and private
Actors	<ul style="list-style-type: none"> National and local governments and agencies Politicians, officials 	<ul style="list-style-type: none"> Financial institutions Managers, specialists
Social relations	<ul style="list-style-type: none"> With publics 	<ul style="list-style-type: none"> With investors and capital markets
Objectives	<ul style="list-style-type: none"> Public goods provision Economic, social and environmental welfare Social and spatial equity and distribution 	<ul style="list-style-type: none"> Returns on investment
Accountabilities	<ul style="list-style-type: none"> Formal and legal to taxpayers External creditors 	<ul style="list-style-type: none"> Formal and legal for Plcs to investors Creditors
Frames of action	<ul style="list-style-type: none"> Slow, stable, bureaucratic Long-term and inter-generational outlook Low future discount rate, higher present value of future cash flows Risk-averse Incremental innovation 	<ul style="list-style-type: none"> Fast, unstable, agile Shorter-term outlook High future discount rate, lower present value of future cash flows Risk-seeking Innovative
Geographies	<ul style="list-style-type: none"> Territorialised, immobile 	<ul style="list-style-type: none"> De-territorialised, highly mobile



II – Selling, holding *and* buying public assets

- Diversity and variety of city and financial actor strategies, instruments and institutional arrangements...
- Local state rationales for sell, hold and/or buy = economic + social + environmental + short/medium and long-term (cf. Detter and Fölster) + austerity
- (Re)politicisation of the local state and public assets (cf. Detter and Fölster)
- Neither only privatised, outsourced and ‘hollowed-out’ or in-sourced, fully public and ‘filled-in’ local state...

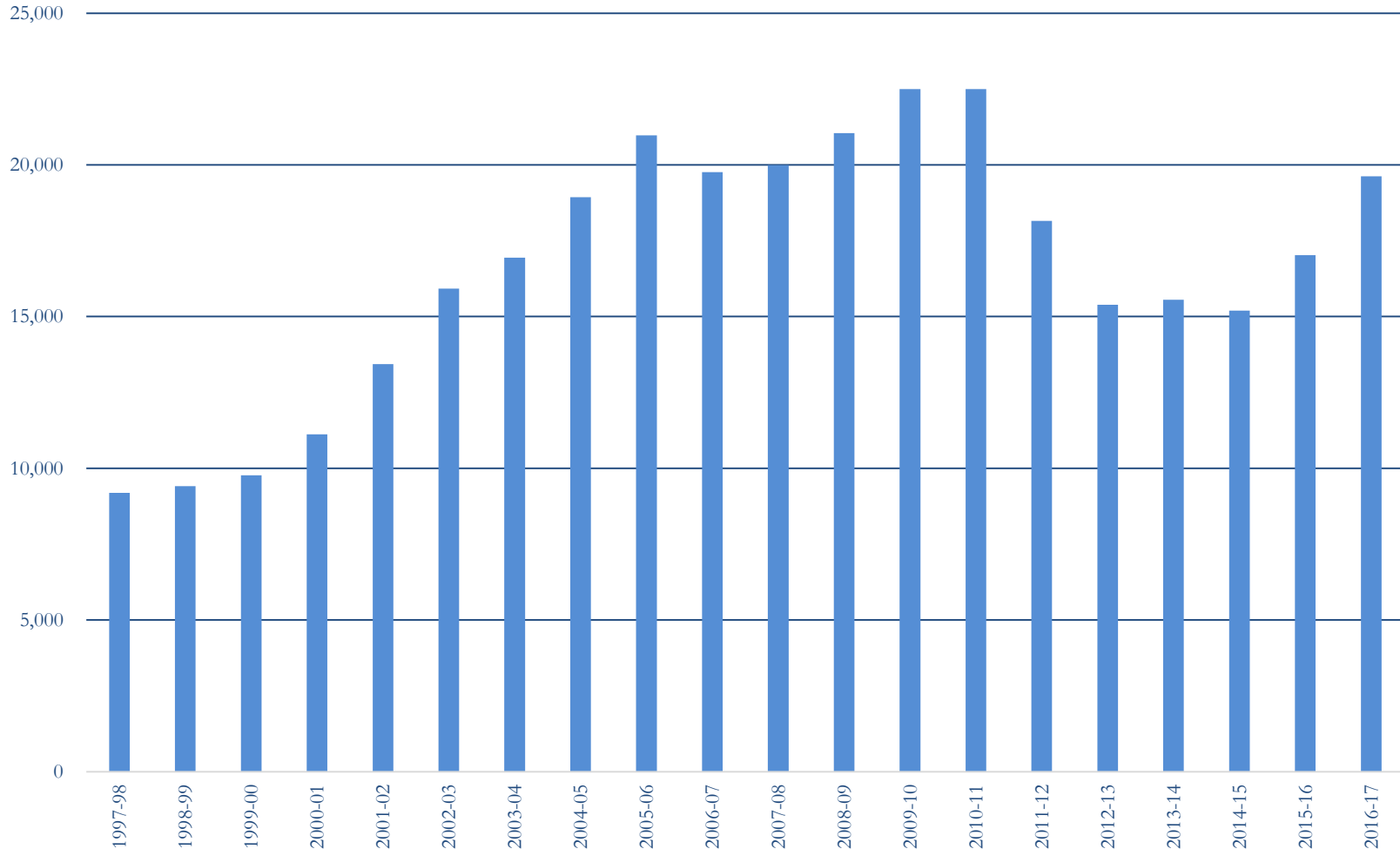
Public asset types

Type	Example(s)
‘Operational’ – in use and providing services	Administrative offices, care homes, public parks, schools, service delivery centres, town hall, vehicle depots
‘Commercial’ – income generating	Airports, bus stations, business/enterprise parks, car parks, energy companies and networks, highways, leisure facilities, retail centres, ports, and toll roads
‘Non-operational’ – not currently in use and providing services, and potentially considered as ‘under-utilised’ and/or ‘surplus’	Un- or under-developed national or city government land, buildings, and infrastructures
‘Strategic’ – relating to long-term and overall urban development and regeneration aims	City centre land and property holdings, and related infrastructure systems

Institutional models

Type	Example(s)
Publicly-owned	London Underground, Robin Hood Energy (Nottingham)
Strategic Partnerships	Capita and Sheffield City Council, Staffordshire Penda Partnership, Siglion (Sunderland)
Local Asset Backed Vehicles	Bournemouth, Croydon, Gateshead, Oxford and Newcastle
Land Commissions, Property Boards	London, Greater Manchester, Tees Valley, Bristol
Community-owned and/or mutuals	Jesmond Community Leisure, Lambeth, Rochdale
Pension and Insurance Funds	Manchester City Council and GM Pension Fund, Local Pension Partnership (Lancashire/London), L&G Finance (English Cities Fund)
Public-Private Partnerships	Schools and education buildings
Public-Private Shareholder Companies	Manchester Airport Group, Newcastle Airport
Public Sector Commercial Landlord	Guildford BC, Spelthorne BC, Runnymede BC, ARCH (Northumberland), Warrington & Co
Private sector	Barnet, National Exhibition Centre (Birmingham), Ports (PD Ports Teesside), Durham Tees Valley Airport

Local government total expenditure on fixed assets, England (£m), 1997/98-2016/17*



* 2017 prices. Includes: acquisition of land and existing buildings and works; new construction and conversion; vehicles, plant equipment and machinery; and, intangible assets.

Source: CLG Local Government Financial Statistics, Various Years

Local government asset purchases

Local government	Value (£m)	Description
Spelthorne Borough Council	380	Former BP Campus
Buckinghamshire County Council	180	Energy-from-waste plant
Surrey Heath Borough Council	104	Town centre development and industrial park
Stockport Council	80	Merseyway shopping centre
Leeds City Council	45	Sovereign Square office development
Eastleigh Borough Council	40	Agea Bowl cricket stadium

“A quirky and hazardous corner of British public finance”



“While local authorities are furiously selling assets to plug gaps in their budgets resulting from central government funding cuts, they have simultaneously been accumulating property assets across the country. Such has been the buying spree that they are now a significant force in the commercial property market. This is largely thanks to cheap finance provided by an arm of the UK Treasury” (Plender 2017: 1).

III – Continuing national government managerialism and control

CIPFA

Room 151

Local Government Treasury, Technical & Strategic Finance



To search type and hit enter

151 BRIEF
WHAT'S NEW?

Grants available for low emission taxis
July 11, 2018

£7m community integration fund launch
July 11, 2018

Funding available to promote digital services
July 11, 2018

TREASURY

TECHNICAL

FUNDING

RESOURCES

LGPS

DEVELOPMENT

151 NEWS

BLOGS

INTERVIEWS

JOBS

Property investment set to face 'security, liquidity and yield' test

BY COLIN MARRS IN 151 NEWS - TREASURY — 14 SEP, 2017



Melanie Dawes, DCLG. Photo: Tina Miguel

The most senior civil servant in charge of local government has outlined

THE PUBLIC SECTOR DEPOSIT FUND

CCLA

- transparent with strong governance
- UK Regulated
- daily liquidity



CCLA is authorised and regulated by the Financial Conduct Authority.

pbb DEUTSCHE PFANDBRIEFBANK

Adding Value in Public Investment Finance

MENT INVESTMENTS

ment Act 2003 and effective
1 April 2018

State under section 15(1)(a)
s local authorities are
cretary of State may issue".

ment Act 2003.

of the 2003 Act. To the
s charter trustees (see
i those councils and

cial assets of a local
organisation holds
investment property
it are not managed as part
wastory management

ment also covers loans
companies or associates, to
include pension funds or
regulatory regimes and

companies:

r oral agreement where a
ty, joint venture, subsidiary
i terms of the agreement,
i a loan to another local
L

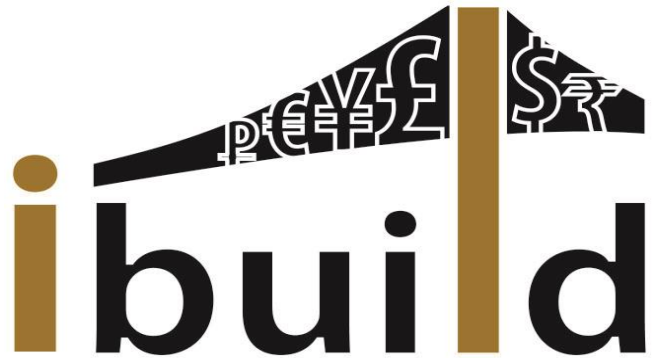
Conclusions...financialising city statecraft I

- Financialising city statecraft under austerity and decentralisation in the UK...
- Reconfiguring the role and nature of the local state as agent *and* object of financialising relations, processes and practices...
- Mixing, hybridising and mutating managerial, entrepreneurial *and* financialised strategies, instruments and governance

Conclusions...financialising city statecraft II

- Public and private actors shape the geographically and institutionally differentiated extent, nature and pace of financialisation over time and space = uneven geographies of city statecraft and urban prosperity
- Need more grounded, measured and balanced conceptions of ‘financialisation-in-motion’ that recognise its social, spatial and institutional constitution, unevenness, implications, and limits

Acknowledgements



The research in this project is being undertaken as part of the Infrastructure **B**usiness models, valuation and **I**nnovation for **L**ocal **D**elivery (iBUILD) research centre funded by Engineering and Physical Sciences Research Council and Economic and Social Research Council (<https://research.ncl.ac.uk/ibuild/>).

