Canada Life agrees £73m Wightlink Ferry Terminal deal

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

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.
“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 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?

<table>
<thead>
<tr>
<th>Managerial</th>
<th>Entrepreneurial</th>
<th>Financialised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct national and local state ownership, management and planning</td>
<td>Privatisation, contracting-out and ‘marketisation’</td>
<td>Financial institution and capital markets engagement</td>
</tr>
<tr>
<td>Nationalisation and national state-regulated provision of public goods</td>
<td>National and local state ‘hollowing-out’ – dismantling the ‘modern infrastructural ideal’</td>
<td>National and local state-market inter-relations, hybrid institutions</td>
</tr>
<tr>
<td>– constructing the ‘modern infrastructural ideal’</td>
<td>Economic objectives, cost reduction priority, consumer service provision</td>
<td>Productivity and growth objectives, fiscal localisation</td>
</tr>
<tr>
<td>Economic and social objectives in national Keynesian frame</td>
<td>Public-private partnerships</td>
<td>New ‘asset class’ risk, return, maturity focus focus</td>
</tr>
<tr>
<td>National government funding and financing through taxes, user fees, grants</td>
<td>Public funding of private financing, user fees and debt</td>
<td>Securitisation, ‘value capture’ mechanisms, public commercial asset leverage, leasing, revolving funds</td>
</tr>
</tbody>
</table>
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)...
Territory and power in the United Kingdom

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


• “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

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Municipal and public</th>
<th>Commercial and private</th>
</tr>
</thead>
</table>
| **Actors**      | • National and local governments and agencies  
                  • Politicians, officials                                                           | • Financial institutions  
                  • Managers, specialists                                                             |
| **Social relations** | • With publics                                                                       | • With investors and capital markets                                                   |
| **Objectives**  | • Public goods provision  
                  • Economic, social and environmental welfare  
                  • Social and spatial equity and distribution                                         | • Returns on investment                                                               |
| **Accountabilities** | • Formal and legal to taxpayers  
                  • External creditors                                                                | • Formal and legal for Plcs to investors  
                  • Creditors                                                                          |
| **Frames of action** | • Slow, stable, bureaucratic  
                  • Long-term and inter-generational outlook  
                  • Low future discount rate, higher present value of future cash flows  
                  • Risk-averse  
                  • Incremental innovation                                                             | • Fast, unstable, agile  
                  • Shorter-term outlook  
                  • High future discount rate, lower present value of future cash flows  
                  • Risk-seeking  
                  • Innovative                                                                         |
| **Geographies** | • Territorialised, immobile                                                          | • De-territorialised, highly mobile                                                    |
The Public Wealth of Nations
How Management of Public Assets Can Boost or Bust Economic Growth

Dag Detter and Stefan Förster

The Public Wealth of Cities
How to Unlock Hidden Assets to Boost Growth and Prosperity

Dag Detter
Stefan Förster
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

<table>
<thead>
<tr>
<th>Type</th>
<th>Example(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Operational’ – in use and providing services</td>
<td>Administrative offices, care homes, public parks, schools, service delivery centres, town hall, vehicle depots</td>
</tr>
<tr>
<td>‘Commercial’ – income generating</td>
<td>Airports, bus stations, business/enterprise parks, car parks, energy companies and networks, highways, leisure facilities, retail centres, ports, and toll roads</td>
</tr>
<tr>
<td>‘Non-operational’ – not currently in use and providing services, and potentially considered as ‘under-utilised’ and/or ‘surplus’</td>
<td>Un- or under-developed national or city government land, buildings, and infrastructures</td>
</tr>
<tr>
<td>‘Strategic’ – relating to long-term and overall urban development and regeneration aims</td>
<td>City centre land and property holdings, and related infrastructure systems</td>
</tr>
<tr>
<td>Type</td>
<td>Example(s)</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Publicly-owned</td>
<td>London Underground, Robin Hood Energy (Nottingham)</td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td>Capita and Sheffield City Council, Staffordshire Penda Partnership, Siglion (Sunderland)</td>
</tr>
<tr>
<td>Local Asset Backed Vehicles</td>
<td>Bournemouth, Croydon, Gateshead, Oxford and Newcastle</td>
</tr>
<tr>
<td>Land Commissions, Property Boards</td>
<td>London, Greater Manchester, Tees Valley, Bristol</td>
</tr>
<tr>
<td>Community-owned and/or mutuals</td>
<td>Jesmond Community Leisure, Lambeth, Rochdale</td>
</tr>
<tr>
<td>Pension and Insurance Funds</td>
<td>Manchester City Council and GM Pension Fund, Local Pension Partnership (Lancashire/London), L&amp;G Finance (English Cities Fund)</td>
</tr>
<tr>
<td>Public-Private Partnerships</td>
<td>Schools and education buildings</td>
</tr>
<tr>
<td>Public-Private Shareholder</td>
<td>Manchester Airport Group, Newcastle Airport</td>
</tr>
<tr>
<td>Companies</td>
<td></td>
</tr>
<tr>
<td>Public Sector Commercial Landlord</td>
<td>Guildford BC, Spelthorne BC, Runnymead BC, ARCH (Northumberland), Warrington &amp; Co</td>
</tr>
<tr>
<td>Private sector</td>
<td>Barnet, National Exhibition Centre (Birmingham), Ports (PD Ports Teesside), Durham Tees Valley Airport</td>
</tr>
</tbody>
</table>
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

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

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