

Meeting: Policy Development and Decision Group / Council

Date: 28 June 2017 / 20 July 2017

Wards Affected: All Wards

Report Title: Review of Investment Fund Strategy

Is the decision a key decision? Yes

When does the decision need to be implemented? As soon as possible

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1. Proposal and Introduction

- 1.1 At the meeting of Council held on 6 April 2017 Members approved a revised Investment Fund Strategy. This was to ensure that there was the greatest opportunity to maximise benefits income, diversify investments and spread risks.
- 1.2 The Investment Committee has further reviewed the Investment Fund Strategy and has recommended a few minor changes to the Strategy in light of lessons learned on previous investments.
- 1.3 This report also sets out the Mayor's response to the proposals from the Investment Committee.
- 1.4 The Investment Fund Strategy is a Policy Framework Document and requires Council approval.

2. Reason for Proposal

- 2.1 To review the Investment Fund Strategy and the level of the Investment Fund.

3. Recommendation(s) / Proposed Decision

Recommendations from the Mayor:

- 3.1 That, subject to the level of the Investment Fund remaining at £50m, the Council be recommended to approve the revised Investment Fund Strategy, set out in Appendix 1 to the submitted report.

Recommendations from the Investment Committee

- 3.2 That the Council be recommended to approve the revised Investment Fund Strategy, including the additional £50m for the Investment Fund (making a total of £100m) to be funded from prudential borrowing (when required), set out in Appendix 1 to the submitted report.

Appendices

Appendix 1: Revised Investment Fund Strategy

Background Documents

Revised Torbay Council Investment Fund Strategy – Council meeting 6 April 2017 – <http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=6872&Ver=4>

Minutes of the Investment Committee 16 May 2017 –

<http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=658&MId=7774&Ver=4>

4. Supporting Information

- 4.1 The Investment Committee's reviewed the Investment Fund Strategy at its meeting held on 16 May 2017 (Investment Committee Minute 41/5/17 refers) and determined that the Strategy and its role should not be extended to cover regeneration projects as it felt that these were already being considered elsewhere with the final decisions being made by Council. This would not prevent them from considering regeneration opportunities that meet the requirements of the Investment Fund in terms of their generation of additional income to the Council.
- 4.2 The Committee has recommended a few minor changes to the Strategy in light of lessons learned on previous investments and these are included in the revised Investment Fund Strategy set out at Appendix 1 to this report.
- 4.3 The revised Strategy includes a VRP (Voluntary Revenue Provision) of 0.5% of the purchase price before costs (subject to at least annual review), which may be applied to investments to contribute towards the deminuation of the value of assets. It also proposes lowering the Fund Management contribution to 0.25% of the purchase price before costs as previous investments have often involved a low level of management and this would be sufficient to cover such costs.
- 4.4 The Council has successfully purchased two large investments and it is requested that the Investment Fund pot be increased by £50m to £100m to enable the Council make further investments from this fund.