

Record of Decision

Proposal to increase the size of the Torbay Council Investment Fund

Decision Taker

Cabinet at its meeting on 9 July 2019

Decision

That Cabinet recommends to the Council:

- (i) that Council authorise £100 million of additional prudential borrowing to enable the Investment and Regeneration Fund to increase to £300 million; and
- (ii) that Council set the investment boundary to the Greater South West peninsula and the Functional Economic Market Area (FEMA), and instruct the Monitoring Officer to make the necessary amendments to the Investment and Regeneration Strategy Policy Framework document.

Reason for the Decision

By increasing the Investment and Regeneration Fund it will generate around £1.5 million of additional income per annum to help the Council meet its revenue budget funding pressures.

Increasing the investment area from the Local Enterprise Partnership footprint to include the wider economic area will give the Council more opportunities for investment.

Implementation

The recommendations of the Cabinet will be considered at the Council meeting on 18 July 2019.

Information

The current Medium Term Resource Plan (MTRP) highlights the financial challenges faced by the Council. It estimates that the Council will have to close a potential funding gap of £18.3 million over three years between 2020/21 and 2022/23. This is based upon existing service demands and “normal” budget pressures including inflation, demand pressures and income assumptions. Increasing cost pressures within Children’s Services are also likely to have further implications for the MTRP.

The Investment and Regeneration Fund has been in place for approximately 20 months. The purpose of the Investment and Regeneration Fund is to generate income which can then be used to help fund local services.

The Fund is currently set at £200 million. Since the creation of the Fund approximately £186 million has been committed to acquire a diverse range of investments in a range of different sectors and locations. These have generated £2.9 million of additional revenue in 2018/19, rising to £3.3 million in 2019/20. Once all of the current commitments are complete and assuming a full year’s income, the Fund will generate over £3.5 million per annum revenue for the Council to allocate towards local services.

The submitted report set out a proposal to increase the Fund further to £300 million to generate further income to help the Council meet its funding gap. At this level it was projected that this would generate an additional £1.5 million of income per annum.

The current boundary for the Council to make investments is the Local Enterprise Partnership footprint. However, this is restrictive and limits the investment opportunities available to the Council. As such it is recommended that the boundary be increased to include the wider economic area.

Economic geography is recognised as complicated. People live, work and undertake leisure activities across a wide geographic area and across different administrative areas i.e. they might live in one area, work in another but principally shop or spend their leisure time in a third or fourth. While for the business community that geographic diversity is broader with functional geographies for businesses that export being genuinely global.

Research carried out by SQW in 2010 on functional economic market areas recognised that there is no universally agreed approach to defining Functional Economic Market Areas (FEMAs) and no definitive map or criteria. The submitted report set out further details of how FEMAs are shaped and external auditor's advice on extending Torbay's investment boundary.

At the Cabinet meeting on 9 July 2019, Councillor Long proposed and Councillor Stockman seconded a motion which was agreed by the Cabinet (unanimously) as set out above.

Alternative Options considered and rejected at the time of the decision

Alternative options were set out in the submitted report.

Is this a Key Decision?

Yes – Reference Number: I060439

Does the call-in procedure apply?

No

Declarations of interest (including details of any relevant dispensations issued by the Standards Committee)

None

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12 July 2019

Signed: _____

Leader of Torbay Council on behalf of the Cabinet

Date: 12 July 2019

