

Agenda Item No:	6	
Committee:	Cabinet	
Date:	January 2023	
Report Title:	INVESTMENT BOARD ANNUAL REPORT	

## **1 Purpose / Summary**

- 1.1 To provide an update to Cabinet of the work of the Investment Board from April 2022 to December 2022

## **2 Key issues**

- 2.1 The last annual report on Investment Board activity was presented to and noted by Cabinet on 22<sup>nd</sup> March 2022.
- 2.2 Work has carried on during the 2022-23 financial year to progress the two identified sites, the Nene Waterfront in Wisbech and the Elms in Chatteris and outline planning permission was submitted in September 2022. Decision is expected by Spring 2023.
- 2.3 Agreements for financing, service level recharges and deed of indemnity between FFL and FDC signed off by the Investment Board in July 2022.
- 2.4 At the Cabinet meeting held on 12<sup>th</sup> December 2022 it was agreed that the land at Chatteris and Wisbech be transferred to FFL at market value in accordance with a Red Book valuation
- 2.5 Work on the revised Business Plan for FFL will be completed and circulated to the Investment Board by 31<sup>st</sup> January 2023.
- 2.6 No further investment opportunities have been identified in the period of this report mainly due to the impact of the current economic situation and its affect on borrowing rates.

## **3 Recommendations**

It is recommended that Cabinet note this report from the Investment Board.

<b>Wards Affected</b>	All
<b>Forward Plan Ref</b>	Not applicable
<b>Portfolio Holder(s)</b>	<p>Cllr Chris Boden – Leader, Finance Portfolio Holder and Chairman of the Investment Board</p> <p>Cllr Steve Tierney – Transformation and Comms Portfolio Holder and Investment Board Member</p> <p>Cllr Ian Benney – Economic Growth Portfolio Holder and Investment Board Member</p>
<b>Report Originator(s)</b>	<p>Paul Medd – Chief Executive</p> <p>Peter Catchpole – Corporate Director &amp; Chief Finance Officer</p> <p>Carol Pilson – Monitoring Officer</p> <p>Amy Brown - Head of Legal and Governance and Deputy Monitoring Officer</p>
<b>Contact Officer(s)</b>	<p>Paul Medd – Chief Executive</p> <p>Peter Catchpole – Corporate Director &amp; Chief Finance Officer</p> <p>Carol Pilson – Monitoring Officer</p> <p>Amy Brown - Head of Legal and Governance and Acting Monitoring Officer</p>
<b>Background Paper(s)</b>	<p>Investment Board minutes</p> <p>Commercial and Investment Strategy</p> <p>Cabinet update report 22<sup>nd</sup> March 2022</p>

**Appendix: Annual report**

**Report of the Investment Board**

**April 2022 - December 2022**



## **1 What is the Investment Board?**

- 1.1 The Investment Board was created on 16<sup>th</sup> January 2020 to help drive forward the Council's Commercial and Investment Strategy which was approved by Full Council on 9<sup>th</sup> January 2020. The Investment Board is a sub-committee of Cabinet designed to be more "fleet of foot" in order to be able to respond to opportunities in an agile and commercial manner.

## **2 Purpose of the Investment Board**

- 2.1 The Investment Board is responsible for implementing the Commercial and Investment Strategy including oversight of the Council's companies and partnerships.
- 2.2 The Investment Board will act as a decision-making body in relation to the functions delegated to it and will report to Cabinet in relation to the exercise of those functions.
- 2.3 Support and advice will be provided to the Investment Board by key members of the Corporate Management team.

## **3 Membership and Operation of the Investment Board**

- 3.1 The Investment Board will comprise a maximum of two Cabinet Members (one of whom should be the portfolio holder for finance if that position is not held by the Leader) in addition to the Leader who will determine their appointment annually.
- 3.2 The Investment Board shall meet on a basis agreed by itself with a minimum of 3 meetings per year.
- 3.2 The quorum shall be the Leader in the presence of a minimum of;
  - a. one other Cabinet Member;
  - b. one senior advisory officer (or their appointed deputy)

An invitation to attend must have been provided to the Chair of O&S at least 5 clear days in advance of the meeting taking place. This notice period may be waived if the Chair of O&S or their nominated deputy so agrees.

An invitation to attend must also have been provided to the section 151 officer and the Monitoring Officer (or their nominated deputies) which will normally be at least 5 clear days in advance of the meeting taking place.

- 3.3 The provisions relating to substitution set out at paragraph 28 of the Standing Orders shall apply to meetings of the Investment Board save that the Leader and Cabinet Members may only be substituted by Cabinet Members [and the Chair of O&S may only be substituted by the Vice Chairman]. Such substitutions to be notified to Council as part of the annual nomination process.

- 3.4 The Cabinet Procedure Rules shall apply to meetings of the Investment Board save in respect of paragraphs 1.6, 1.8, 2.2 (second paragraph), 2.3(g) and (h) and paragraph 2.5(d) which shall be disapplied.

#### **4 Functions of the Investment Board**

- 4.1 To determine investment appraisals submitted under Part 2 of the Council's Commercial and Investment Strategy together with the most appropriate means of delivery;
- 4.2 To determine business cases submitted under Part 3 of the Council's Commercial and Investment Strategy by the Council's companies and partnerships;
- 4.3 To determine the amount and terms of any investments, loans and assets required for the delivery of proposals approved in accordance with paragraphs (a) and (b) above from the agreed budget allocation;
- 4.4 To produce a report to Cabinet twice a year summarising its activities in accordance with paragraphs (a) to (c) above.
- 4.5 Approve the business plans of the Council's companies and partnerships;
- 4.6 To monitor performance and financial delivery in line with the approved business plans;
- 4.7 To ensure that those companies and partnerships comply with relevant Council policies, strategies and objectives;
- 4.8 To exercise decisions, where delegated by Cabinet, in relation to a company or partnerships' reserved matters;
- 4.9 To oversee the relationships between the Council and the Council's companies and partnerships in accordance with the Council's objectives.
- 4.10 To prepare and present an annual report to the Overview and Scrutiny Committee;
- 4.11 To determine for each individual company or partnership whether the Investment Board recommends to Cabinet the delegation of any functions to the officers of the Council.
- 4.12 All other matters not falling within the remit of the Investment Board functions set out at 4.1 to 4.11 above will be referred to Cabinet for decision.

#### **5 Background**

- 5.1 The Commercial and Investment Strategy was approved by Full Council on 9<sup>th</sup> January 2020.
- 5.2 At the same meeting Full Council also agreed to establish a Local Authority Trading Company (LATCo) for the purpose of facilitating the delivery of the agreed strategy and noted the proposed intention that the Investment Board will be able to utilise reserves and/or borrow sums up to a combined maximum of £25 million in order to deliver the objectives of the Strategy.

- 5.3 Following on from this approval the creation of the Investment Board and the delegation of functions was approved by Cabinet on 16<sup>th</sup> January 2020.
- 5.4 The business case for the creation of the LATCo was approved by Cabinet on 9<sup>th</sup> June 2020 and Fenland Future Ltd (FFL) was incorporated on 10<sup>th</sup> June 2020.
- 5.5 FFL held its inaugural board meeting on 8<sup>th</sup> December 2020 and a first draft business plan has been circulated to the Investment Board for discussion and approval. The final business plan will be formally presented to the Investment Board in March 2022.
- 5.6 At a meeting of the Investment Board on 18<sup>th</sup> September 2020 approval was given to take forward to a detailed business case the development of FDC owned land at the Nene waterfront in Wisbech.
- 5.7 At a meeting of the Investment Board on 12<sup>th</sup> January 2021 approval was given to take forward to a detailed business case the development of FDC owned land in Chatteris.
- 5.8 At a meeting of the Investment Board on 16<sup>th</sup> March 2021 approval was given to acquire a commercial property in Wisbech and this was subsequently completed on 26<sup>th</sup> March 2021.
- 5.9 The last annual report on Investment Board activity was presented to and noted by Cabinet on 22<sup>nd</sup> March 2022.

## 6 Work programme and outcomes

- 6.1 The Investment Board sat on the meeting dates detailed below and considered the matters also shown in the table below as part of its work for 2022/23:-

Meeting date	Outcome
11 <sup>th</sup> July 2022	<p>Appointed a Vice Chair for the municipal year</p> <p>Reviewed and agreed the financing agreement between FDC and FFL</p> <p>Reviewed and agreed the deed of indemnity covering the Directors, Company Secretary, officers and members of FDC acting in their FFL capacity</p> <p>Reviewed and agreed the service level agreement covering FDC cost recharges to FFL</p> <p>Review and approve the FFL Business Plan for 2022-2025</p> <p>Received and noted an update on the two current schemes</p> <p>Received a verbal update on current opportunities noting that nothing further has been progressed so far this year</p>
14 <sup>th</sup> November 2022	Received and noted an update on the two current schemes

## 7 Finance background and Update

### FDC

- 7.1 As part of the Commercial and Investment Strategy a facility of £25m was granted to the Investment Board to finance capital expenditure to be undertaken in accordance with the aims and objectives of the agreed strategy. At the end of March 2022 £4m of this facility has been utilised to fund the acquisition detailed in 7.2 below and a strategic purchase which offers an opportunity to open up access to a Council owned potential development site. These acquisitions were approved at Investment Board meetings held on 16<sup>th</sup> March 2021 and 3<sup>rd</sup> December 2021 respectively.
- 7.2 The Commercial Investment in Wisbech has delivered a rental income of £230k for the year to March 2022 and is up to date for 2022-23. As we used our own funds to acquire this asset there is no external cost of capital and the loss of interest foregone on our funds is minimal at present. This acquisition has enhanced the Councils revenue position and has had a positive impact on the MTFS as presented to Full Council in February 2022.
- There are also potentially Minimum Revenue Provision (MRP) implications to consider that will impact our revenue position and we will work through these for future impact.
- 7.3 No further opportunities have been presented to the Investment Board since 1<sup>st</sup> April 2022 as the initial due diligence as prescribed in the Commercial and Investment Strategy was not passed.

### FFL

- 7.4 Further utilisation of the above mentioned “facility” will be needed when the funding position of Fenland Future Ltd is fully agreed. A full cash flow will be produced as part of the Business Plan required by 31<sup>st</sup> January 2023 and at that point funding drawdown will be requested following the process as detailed in the financing agreement agreed by the Investment Board in July 2022.
- 7.5 The land transfers of the two sites, The Elms, Chatteris and the Nene Waterfront, Wisbech were approved by Cabinet on 12<sup>th</sup> December 2022 and the work to conclude the legal transfer will now take place.
- 7.6 Both sites are in for Outline Planning Permission and a decision is expected early in 2023. In the meantime work has progressed on the delivery models needed to develop both sites and work on the tender and appointment of an Employers Agent has commenced.
- 7.7 Work on the Nene Waterfront includes the delivery of a new electricity substation funded through the Brownfields Land Release Fund and the potential delivery of an Extra care facility is actively being explored.
- 7.8 To date Fenland Future Ltd expenditure and commitments are as shown in the table below. These costs sit as a debtor in the Councils accounts as the only funding agreed so far is the £10,000 for set up costs approved by Cabinet on 9<sup>th</sup> June 2020.

	Total	Nene		Ex Barclays	FFL	Consultancy	Legal	FDC
	FFL Costs	Waterfront	Chatteris	March	Set up Costs	Costs	Costs	Recharges
	£	£	£	£	£	£	£	£
Set up costs	2,925.00				2,925.00			
<b>Total Paid</b>	<b>2,925.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,925.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Set up costs	975.00				975.00			
Architectural Services	29,575.08	14,575.08	15,000.00					
Ecology survey	5,000.00	2,500.00	2,500.00					
Pre Planning consultancy	62,200.00	22,200.00	40,000.00					
Ecology Species Survey	5,000.00		5,000.00					
Topographical Survey	950.00		950.00					
Site clearance work	1,924.75	1,924.75						
Planning Advice	2,215.00		2,215.00					
Site Appraisals	4,000.00	2,250.00	1,750.00					
Highways Consultancy	2,000.00		2,000.00					
Consultancy	34,807.50					34,807.50		
Legal services	1,497.60						1,497.60	
Support Recharges	100,000.00							100,000.00
<b>Total Paid</b>	<b>250,144.93</b>	<b>43,449.83</b>	<b>69,415.00</b>	<b>0.00</b>	<b>975.00</b>	<b>34,807.50</b>	<b>1,497.60</b>	<b>100,000.00</b>
Data Protection Fee	40.00				40.00			
Planning Application Fees	21,728.00	8,778.00	12,950.00					
Planning Consultancy Support	2,500.00	2,500.00						
Electricity Supply	20,798.56	9,888.84	10,909.72					
Site Appraisals/Valuations	37,700.00	19,100.00	17,600.00	1,000.00				
Legal services	11,601.80						11,601.80	
Consultancy	55,400.54					55,400.54		
Architectural Services	16,145.00	7,000.00	9,145.00					
Ecology Species Survey	19,200.00		19,200.00					
Pre Planning consultancy	25,660.00	8,200.00	17,460.00					
Planning Advice	6,760.49		6,760.49					
Support Recharges	93,750.00							93,750.00
<b>Total Paid</b>	<b>311,284.39</b>	<b>55,466.84</b>	<b>94,025.21</b>	<b>1,000.00</b>	<b>40.00</b>	<b>55,400.54</b>	<b>11,601.80</b>	<b>93,750.00</b>
<b>Grand Total Paid to Date</b>	<b>564,354.32</b>	<b>98,916.67</b>	<b>163,440.21</b>	<b>1,000.00</b>	<b>3,940.00</b>	<b>90,208.04</b>	<b>13,099.40</b>	<b>193,750.00</b>