

Agenda Item No:	5	
Committee:	OVERVIEW AND SCRUTINY	
Date:	19 September 2023	
Report Title:	INVESTMENT BOARD ANNUAL REPORT	

1 Purpose / Summary

- 1.1 To provide an update to the Overview and Scrutiny Panel of the work of the Investment Board from April 2022 to March 2023.

2 Key issues

- 2.1 The last annual report on Investment Board activity was presented to and noted by Cabinet on 16th March 2023. A further update on activity up to August 2023 was presented to Cabinet on 11th September 2023.
- 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 has now been granted for both sites.
- 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 12th 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 and the transfers are now progressing.
- 2.5 Work on the revised draft Business Plan for FFL was completed and circulated to the Investment Board on 31st January 2023. The FFL Board reviewed this at their Board meeting on 22nd February 2023.
- 2.6 No new opportunities have arisen since the last report on Investment Board activity was presented to Cabinet on 16th March 2023
- 2.7 The Constitution states as follows at paragraph 3.1.1 of Table 3 which sets out the responsibility for executive functions:
- Cabinet will be responsible for the following specific functions in relation to the Commercial Investment Strategy and the Council's companies and partnerships:
 - (a) Conducting a formal review of the Commercial Investment every 2 years and recommending any necessary amendments for approval by Full Council;
- 2.8 The formal review of the Commercial and Investment Strategy is currently underway although the present economic conditions are challenging and interest rates in particular makes it extremely difficult to identify new opportunities.

3 Recommendations

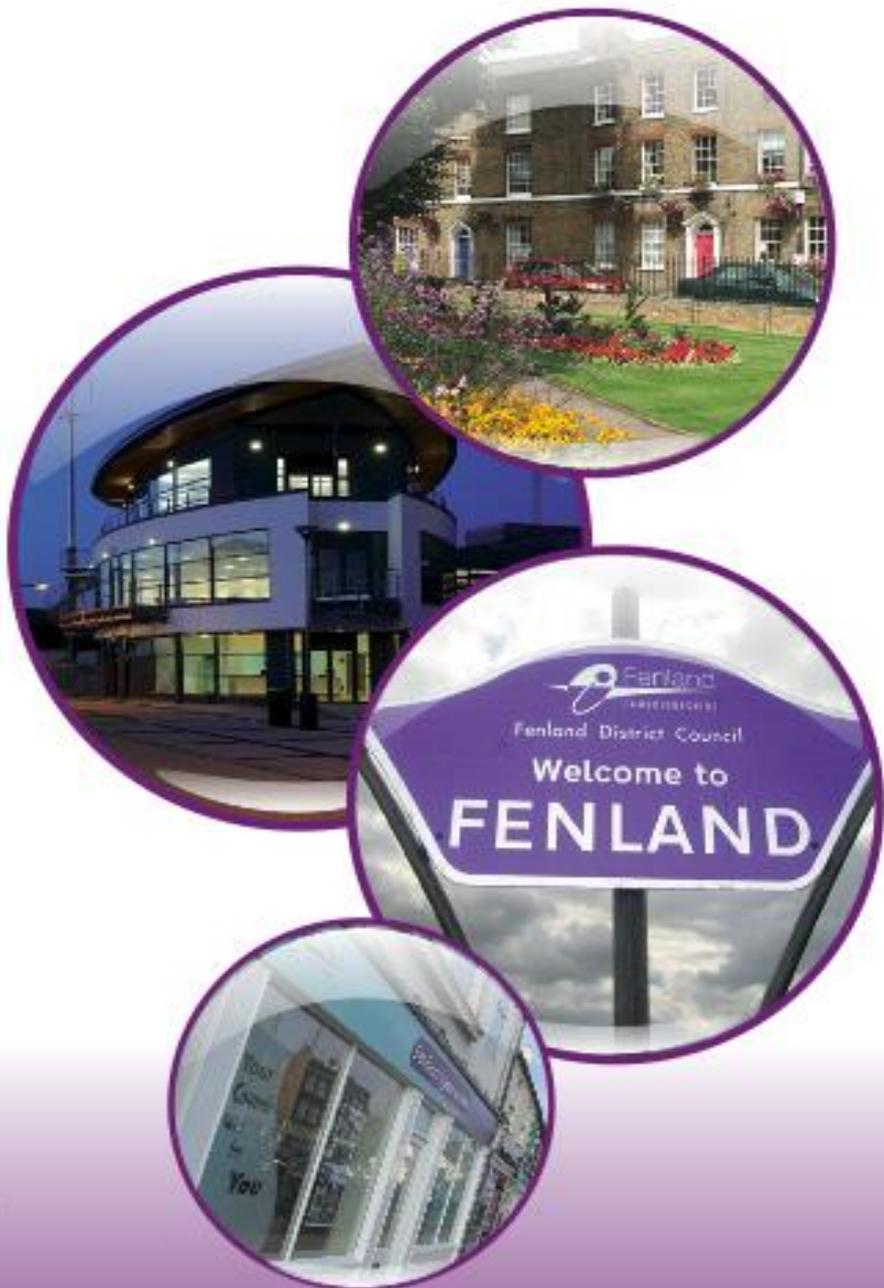
It is recommended that the Overview and Scrutiny Panel note the annual report from the Investment Board.

Wards Affected	All
Forward Plan Ref	Not applicable
Portfolio Holder(s)	Cllr Chris Boden – Leader, Finance Portfolio Holder and Chairman of the Investment Board Cllr Steve Tierney – Transformation and Comms Portfolio Holder and Investment Board Member Cllr Ian Benney – Economic Growth Portfolio Holder and Investment Board Member
Report Originator(s)	Paul Medd – Chief Executive Peter Catchpole – Corporate Director & Chief Finance Officer Carol Pilson – Monitoring Officer Amy Brown - Head of Legal and Governance and Deputy Monitoring Officer
Contact Officer(s)	Paul Medd – Chief Executive Peter Catchpole – Corporate Director & Chief Finance Officer Carol Pilson – Monitoring Officer Amy Brown - Head of Legal and Governance and Acting Monitoring Officer
Background Paper(s)	Investment Board minutes Commercial and Investment Strategy Cabinet update reports dated 22 nd March 2022, 30 th January 2023, 16 th March 2023 and 11 th September 2023.

Appendix: Annual report

Report of the Investment Board

April 2022 – March 2023



1 What is the Investment Board?

- 1.1 The Investment Board was created on 16th January 2020 to help drive forward the Council's Commercial and Investment Strategy which was approved by Full Council on 9th 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 9th 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 16th January 2020.
- 5.4 The business case for the creation of the LATCo was approved by Cabinet on 9th June 2020 and Fenland Future Ltd (FFL) was incorporated on 10th June 2020.
- 5.5 FFL held its inaugural board meeting on 8th December 2020 and a first draft business plan was circulated to the Investment Board for discussion and approval. The final business plan was formally presented to the Investment Board in March 2022.
- 5.6 At a meeting of the Investment Board on 18th 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 12th 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 16th March 2021 approval was given to acquire a commercial property in Wisbech and this was subsequently completed on 26th March 2021.
- 5.9 The last annual report on Investment Board activity was presented to and noted by Cabinet on 16th March 2023. A further report was presented to and noted by Cabinet on 11th September 2023.

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 th 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 th November 2022	<p>Received and noted an update on the two current schemes</p>

Meeting date	Outcome
16 th March 2023	<p>Approved a minor amendment to Fenland Future Ltd's Articles of Association</p> <p>Received an update on current opportunities</p> <p>Received and noted the updated Business Plan for Fenland Future Ltd</p> <p>Received an update including the Land transfer situation on the two schemes currently in progress.</p>

7 Commercial and Investment Strategy (CIS) 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 2023 £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 16th March 2021 and 3rd December 2021 respectively.
- 7.2 The Commercial Investment in Wisbech has delivered a rental income of £230k p.a since acquisition in March 2021 and is up to date for 2023-24. As we used our own funds to acquire this asset there was no external cost of capital. 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 and February 2023.
- 7.3 No further opportunities have been formally presented to the Investment Board since 1st April 2022 as the initial due diligence as prescribed in the Commercial and Investment Strategy was not passed. It is worth noting that since the inception of the Commercial and Investment Strategy nearly 40 opportunities have been looked into and these are broken down as follows:-

<u>Category</u>	<u>Completed</u>	<u>In progress</u>	<u>Parked</u>	<u>Offered</u>	<u>Rejected</u>	<u>Total</u>
FDC owned land		2	2			4
Other land					4	4
Commercial Retail					8	8
Commercial Investment	1			1	6	8
Residential- Commercial	1	1			3	5
Residential- Affordable					1	1
Other	1	2			3	6
	3	5	2	1	25	36

- 7.4 The current Commercial and Investment Strategy (CIS) strategy is under review as per the constitution and in light of the current economic situation to determine whether it is still fit for purpose.

FFL update including finance

- 7.5 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 was produced as part of the Business Plan required by 31st January 2023 and further refinement will be required as updated site appraisals are prepared. At a suitable point funding drawdown will be requested following the process as detailed in the financing agreement agreed by the Investment Board in July 2022.
- 7.6 The land transfers of the two sites, The Elms, Chatteris and the Nene Waterfront, Wisbech were approved by Cabinet on 12th December 2022 and the work to conclude the legal transfer is now taking place.
- 7.7 Both sites now have Outline Planning Permission and work has progressed on the delivery models needed to develop them.
- 7.8 A development manager has been appointed for The Elms site and work to prepare and complete a Reserved Matters Application is now underway. This includes detailed design work and technical reports as well as revised financial appraisals for the scheme.
- 7.9 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 for which design and pre-application work has commenced.
- 7.10 FFL have signed heads of terms with Fenland Extra Care Consortium for plot 5 of the Nene Waterfront. Reserved Matters planning application being prepared. This will be an all-affordable home scheme for older people with care needs (circa 70 homes).
- 7.11 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 9th June 2020.
- 7.12 Based on the revised cash flows further funding will be requested from Fenland District Council to both cover the costs detailed below and to enable FFL to meet its future financial commitments to develop the sites. A further update will be taken to the Investment Board later in the year along with the request to drawdown the extra funding required.
- 7.13 For information the Board of Directors for Fenland Future Ltd comprises:-
- Dan Horn – Managing Director and Chairman
 - Mark Saunders – Director
 - Anna Goodall – Director
 - Jane Bailey – Company Secretary

8 Legal Implications

- 8.1 Reviewing the CIS ensures compliance with our best value duty and is also compliant with the delegations to Cabinet in which it is provided that it will be reviewed every 2 years.

Fenland Future Ltd									
Financial Update		31.07.23							
		Total	Nene		Ex Barclays	FFL	Consultancy	Legal Costs	FDC
		FFL Costs	Waterfront	Chatteris	March	Set up Costs	Costs	General	Recharges
		£	£	£	£	£	£	£	£
Set up costs	Integra - Agresso set up	2,925.00				2,925.00			
Total Paid	2020/21	2,925.00	0.00	0.00	0.00	2,925.00	0.00	0.00	0.00
Set up costs	Integra - Agresso set up	975.00				975.00			
Architectural Services	Norr	29,575.08	14,575.08	15,000.00					
Ecology survey	Tetra Tech	5,000.00	2,500.00	2,500.00					
Pre Planning consultancy	Tetra Tech	62,200.00	22,200.00	40,000.00					
Ecology Species Survey	Tetra Tech	5,000.00		5,000.00					
Topographical Survey	Survey Solutions	950.00		950.00					
Site clearance work	Tivoli Group	1,924.75	1,924.75						
Planning Advice	ELG Planning	2,215.00		2,215.00					
Site Appraisals	Carter Jonas	4,000.00	2,250.00	1,750.00					
Highways Consultancy	JDS Consulting	2,000.00		2,000.00					
Consultancy	Bloom - Consultancy	34,807.50					34,807.50		
Legal services	Bevan Brittan	1,497.60						1,497.60	
Support Recharges	FDC SLA 2021/22	100,000.00							100,000.00
Total Paid	2021/22	250,144.93	43,449.83	69,415.00	0.00	975.00	34,807.50	1,497.60	100,000.00
Data Protection Fee	Information Commissioner	40.00				40.00			
Planning Application Fees	FDC	21,728.00	8,778.00	12,950.00					
Planning Consultancy Support	Barmach	2,500.00	2,500.00						
Electricity Supply	UK Power Networks	20,798.56	9,888.84	10,909.72					
Site Appraisals/Valuations	Carter Jonas	37,700.00	19,100.00	17,600.00	1,000.00				
Legal services	Bevan Brittan	35,172.20	4,060.45	4,189.95				26,921.80	
Consultancy	Bloom - Consultancy	96,391.58					96,391.58		
Architectural Services	Norr	18,142.25	8,997.25	9,145.00					
Ecology Species Survey	Tetra Tech	19,200.00		19,200.00					
Pre Planning consultancy	Tetra Tech	32,010.00	10,100.00	21,910.00					
Planning Advice	ELG Planning	12,285.49	3,325.00	8,960.49					
Support Recharges	FDC SLA 2022/23	125,000.00							125,000.00
Total Paid	2022/23	420,968.08	66,749.54	104,865.16	1,000.00	40.00	96,391.58	26,921.80	125,000.00
Local Rented Market Report	Carter Jonas	9,000.00	9,000.00						
Legal services	Bevan Brittan	17,603.50	3,070.50	7,755.00				6,778.00	
Consultancy	Bloom - Consultancy	32,760.00					32,760.00		
Pre Planning consultancy	Tetra Tech	4,250.00	3,750.00	500.00					
Employers Agent Services	AECOM Ltd	8,227.50					8,227.50		
Directors Insurance	AON UK Ltd	3,920.00				3,920.00			
Support Recharges	FDC SLA 2023/24 (4 months)	41,666.67							41,666.67
Total Paid	2023/24 - to 31.07.23	117,427.67	15,820.50	8,255.00	0.00	3,920.00	40,987.50	6,778.00	41,666.67
Grand Total Paid to Date	31.07.23	791,465.68	126,019.87	182,535.16	1,000.00	7,860.00	172,186.58	35,197.40	266,666.67