
INVESTMENT OPPORTUNITIES
- UPDATE AND REQUEST TO INCREASE THE FUND

Responsible Cabinet Member - Councillor Stephen Harker,
Efficiency and Resources Portfolio

Responsible Director -
Paul Wildsmith, Director of Neighbourhood Services and Resources

SUMMARY REPORT

Purpose of the Report

1. To update Council on progress against the agreed Capital Investment Fund and to seek approval to increase the fund.

Summary

2. Council has previously approved the principle and establishment of an investment fund. The established fund is being utilised as envisaged in the original report to Council which is appended to this report.
3. To further deliver the desired outcomes of the fund this report presents a request from Cabinet to increase in the provision from £10m to £30m.
4. Any use of the fund will be subject to a full detailed report to Cabinet.
5. It is anticipated that a significant amount of the increased fund will be used for the development of Stag House Farm via the procured Housing Joint Venture agreement.

Recommendation

6. It is recommended that Council agree :-
 - (a) That the Capital Investment Fund be increased to £30m
 - (b) That the operation of the fund is delegated to Cabinet in line with previous Council approval.

Reasons

7. The recommendations are supported by the following reasons :-
- (a) To allow Council to take up opportunities to gain investment returns.
 - (b) To enable Cabinet to consider detailed proposals many of which will be commercially sensitive.
 - (c) To allow the investment fund to be established and financed.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

No background papers were used in the preparation of this report

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TAB

S17 Crime and Disorder	No impact as a result of this report
Health and Well Being	No impact as a result of this report
Carbon Impact	No impact as a result of this report
Diversity	No impact as a result of this report
Wards Affected	No impact as a result of this report
Groups Affected	No impact as a result of this report
Budget and Policy Framework	This is a Council decision and is a variation to the MTFP
Key Decision	This is not a key decision
Urgent Decision	No this is not an urgent decision
One Darlington: Perfectly Placed	No impact as a result of this report however detailed proposals are likely to enhance the Borough's economy.
Efficiency	The establishment of an Investment Fund is likely to increase Council income.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Background

8. In November 2016 Council agreed to the establishment of a Capital Investment Fund, the report is attached as Appendix A, with an initial fund being established of £10m.
9. Since the establishment of the fund Cabinet have agreed to three uses of the fund:-
 - (a) £1.5m to fund a Joint Venture Company to build and sell houses at Eastbourne. The project is progressing well with sales going to plan and interest being earned on the investment. In addition to the earned interest profit projections currently exceed the original £400,000.
 - (b) £1.5m has been made available to advance a loan to Market Asset Management to fund improvements to the covered market. Some small advances have been made, but the majority of the loan is not expected to be advanced for about a year.
 - (c) £1.5m has been earmarked as a guarantee should the Council wish to exercise its step in rights in respect of the Darlington Mowden Park Arena should the Sports Village not prove viable.
10. Whilst less than half the investment fund has been utilised further opportunities exist that require greater funds to be released.

Request for additional funding

11. Cabinet will shortly receive a detailed report relating to the development of Stag House Farm utilising the Housing Joint Venture framework to build and sell homes on the site. The development of the site could be up to circa 450 homes, the funding required for this project could be up to £12m.
12. During the forthcoming financial year further opportunities may arise for the Council to make investments therefore Cabinet at its meeting on 13/1/18 recommended to Council that the investment fund is increased from £10m to £30m. Any utilisation of the fund will be subject to a full detailed report to Cabinet.
13. The fund will be created as needed by the use of prudential borrowing and the revenue funding of each proposal will be identified within each report so all financial implications can be considered at the time of the report.
14. The aim of this report is to provide a provision that will allow investment decisions to be taken in a timely and commercial manner.