

# Cabinet



Forest Heath  
District Council

<b>Title of Report:</b>	<b>West Suffolk Investment Framework</b>	
<b>Report No:</b>	<b>CAB/FH/15/039</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	1 September 2015
	<b>Council</b>	16 September 2015
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<b>Purpose of report:</b>	To consider and recommend to Council the approval of the West Suffolk Investment Framework attached at Attachment A.	
<b>Recommendation:</b>	<p><b>The Cabinet are requested to:</b></p> <p><b>(1) Recommend to Council the approval of the West Suffolk Investment Framework attached at Attachment A;</b></p> <p><b>(2) Note the feasibility funding schedule attached at Attachment B;</b></p>	
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	
<p><i>The decisions made as a result of this report will usually be published within <b>48 hours</b> and cannot be actioned until <b>five clear working days of the publication of the decision</b> have elapsed. This item is included on the Decisions Plan.</i></p>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>The principles of the proposed West Suffolk Investment Framework have been discussed and challenged by Councillors through the July Member finance training sessions.</li> </ul>	

<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>The Council could choose not to adopt the West Suffolk Investment Framework and instead rely on its Medium Term Financial Strategy to act as a framework for investment decisions.</li> </ul>
<b>Implications:</b>	
<p>Are there any <b>financial</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>None as a result of this report.</li> <li>Each project will be considered on its own merits and the West Suffolk Investment Framework set out the principles behind the financing and funding considerations for each projects business case.</li> </ul>
<p>Are there any <b>staffing</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>The West Suffolk Investment Framework is envisaged to support staff and Councillors with the various stages of the business case and decision making processes in respect of investment opportunities.</li> </ul>
<p>Are there any <b>ICT</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>None as a result of this report</li> </ul>
<p>Are there any <b>legal and/or policy</b> implications? If yes, please give details</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> <li>The West Suffolk Investment Framework would also support the Councils' compliance with 'The Prudential Code for Capital Finance in Local Authorities (the Code)'. Key objectives of the Code are to ensure, within a clear framework, that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.</li> </ul>
<p>Are there any <b>equality</b> implications? If yes, please give details</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>None as a result of this report</li> </ul>

<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
	Low/Medium/ High*		Low/Medium/ High*
Projects are not considered against the Council's collective investment programme which could create unnecessary project or investment issues	Medium	Adoption of the West Suffolk Investment Framework sets out the desired collective 'investing' programme outcomes	Low
External Audit may challenge the Council's for not having an Investment Framework to support our Medium Term Financial Strategy and compliance with 'The Prudential Code for Capital Finance in Local Authorities (the Code)'	Medium	Adoption of the West Suffolk Investment Framework	Low
Councillors feel unable to support business cases due to lack of understanding of the links between the Council investment plans, financing, funding and treasury management activities/ requirements	Medium	Adoption of the West Suffolk Investment Framework to set out the links with other key strategic and statutory policies.	Low
<b>Ward(s) affected:</b>	All		
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>	FHDC Council: 27 February 2015 (Budget and Council Tax Setting: 2015/16 and Medium Term Financial Strategy - <a href="#">Report No COU/FH/15/004</a> )  SEBC Council: 24 February 2015 (Budget and Council Tax Setting: 2015/16 and Medium Term Financial Strategy - <a href="#">Report No COU/SE/15/002</a> )		
<b>Documents attached:</b>	Attachment A – West Suffolk Investment Framework Attachment B - Feasibility Funding Schedule (as at 18 August 2015)		

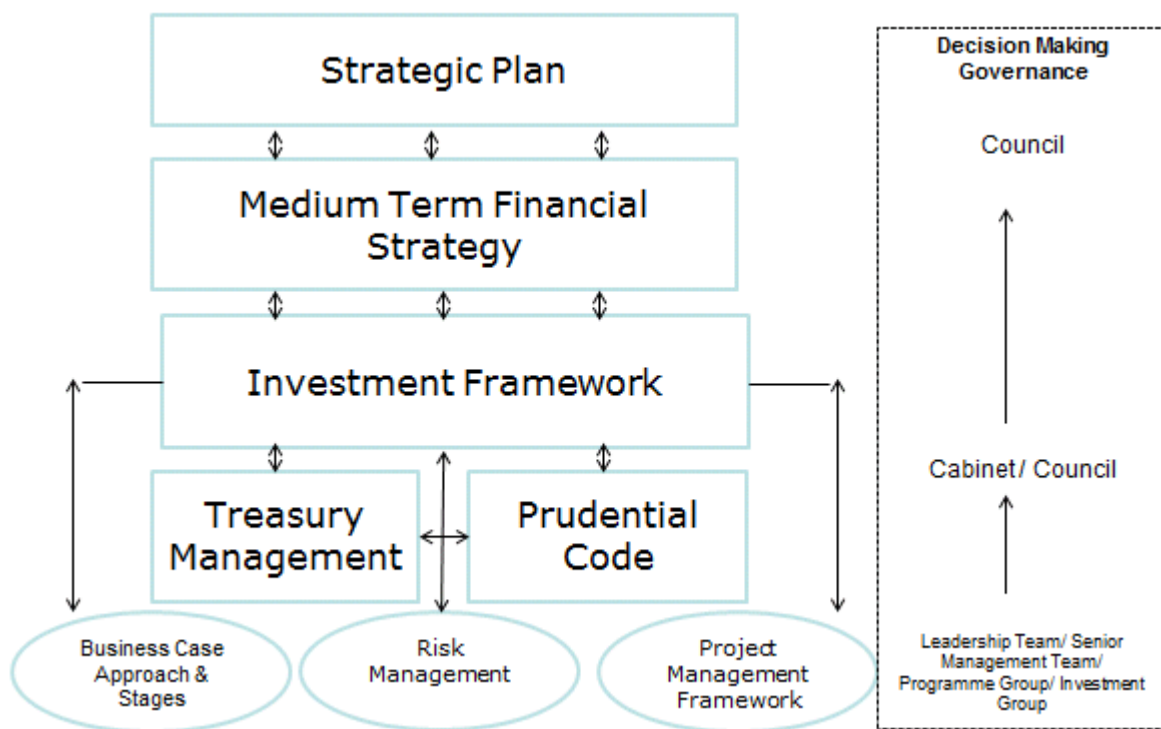
## **1. Key issues and reasons for recommendation(s)**

### **1.1 Background**

- 1.1.1 The West Suffolk Medium Term Financial Strategy (MTFS) sets out the approach that Forest Heath District Council and St Edmundsbury Borough Council will take to the sound management of their finances over the medium term to ensure the Councils can meet our shared priorities set out in the West Suffolk Strategic Plan (SP), and to continue to carry out the day-to-day responsibilities within a financially constrained environment.
- 1.1.2 The MTFS sets out West Suffolk's response to the financial challenges and opportunities both councils have in common across six key themes; including 'behaving more commercially', 'being an investing authority' and 'taking advantage of new forms of local government finance'. The inclusion of these themes within the MTFS, along with key investment projects within the Strategic Plan demonstrates both councils' commitment to continue with our long tradition of investing in our communities. This commitment to investment supports the delivery of our shared strategic priorities, in particular to aid economic growth across West Suffolk.

### **1.2 Introduction**

- 1.2.1 With the emphasis on 'investing' in key strategic projects to support the delivery of the shared priorities, it is important that both councils set out their approach to considering each project on its own merits alongside a set of desired collective 'investing' programme outcomes. This is particularly important when set against the backdrop of continued financial challenges for local government associated with medium to long term funding uncertainties.
- 1.2.2 These desired collective 'investing' programme outcomes will act as an 'investment framework' - detailed in Attachment A, to support staff and members throughout the initial development stages to the decision making stages of our key strategic projects, particularly those that require the Councils to invest.
- 1.2.3 The proposed Investment Framework (at attachment A), would also support the Councils' compliance with 'The Prudential Code for Capital Finance in Local Authorities (the Code)'. Key objectives of the Code are to ensure, within a clear framework, that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.
- 1.2.4 The diagram below sets out where this 'investment framework' sits within the wider strategic priorities and decision making process, with many of these links described in Attachment A.



## 2. Summary of the key strategic projects:

2.1 A number of West Suffolk's key strategic projects have the potential to commit significant capital sums, as well as Officer and Member resources. Many of these projects will be the subject of individual business cases over the coming months. This report is not seeking approval or endorsement for these projects; this is the purpose of the individual business cases. Below is a summary of the current projects:

- i. Housing Company – Investing in the delivery of various housing tenures through a arms length commercial vehicle owned by the Councils
- ii. West Suffolk Operational Hub – Investing in the delivery of a combined depot, waste transfer station and Household Waste Recycling Centre for West Suffolk.
- iii. Public Sector Village (PSV) phase II – Investing in the delivery of the Public Service Village concept at the Olding road site following the success of West Suffolk House as part of the PSV phase 1.
- iv. Eastern Relief Road/Suffolk Business Park – Facilitating the delivery of the Eastern Relief Road. Investing in the extension of the Suffolk Business Park for commercial use.
- v. Mildenhall Hub - Investing in the delivery of an innovative project to co-locate a range of public sector partners in Mildenhall, realising large savings, offering better services and community engagement and releasing surplus sites for regeneration.
- i. West Suffolk Community Energy Plan – Investment opportunities including developing more on Council properties, investing in an

operational solar farm or brokering investment in community renewable energy.

- ii. West Stow - Investing in the delivery of a commercial leisure offer at West Stow Country Park.

### 3. **Feasibility funding**

- 3.1 At the early stages of each of these projects, the desired outcome(s) could be achieved through a number of different options which need to be investigated further. It was also the case that we need to ascertain whether each of these projects are deliverable and represent value for money for tax payers before significant capital sums are committed and potentially placed at risk.
- 3.2 It was important therefore that feasibility funding was made available at the early stages of these business case developments, so as to unlock these projects and their investment potential and to enable the necessary progress to a full business case and the identification of a preferred way forward for member scrutiny and approval.
- 3.3 It is worth noting that feasibility funding may be sought in stages, recognising the project's progression but also reflecting the importance of member support at the various stages and to minimise the overall financial exposure (both externally and internally committed) for the councils.
- 3.4 A number of the key strategic West Suffolk projects detailed in paragraph 2.1 above have already obtained feasibility funding via individual council reports – report numbers are included in the Attachment B under each projects.
- 3.5 Attachment B provides a summary of the feasibility funding approved to-date across West Suffolk, but more importantly over time the expected capital budget and return columns of Attachment B will detail the likely financial implications and returns for West Suffolk (these are in addition to the non-financial returns). The expected returns from these strategic projects are key to delivering a sustainable medium term financial position for the Councils.