

Agenda Item 11, Capital Investment Plan

Supplement

Council Meeting

22 September 2016

The submitted paperwork for the Capital Investment Fund contains three recommendations for Members' consideration. To provide clarity the three recommendations are set out below.

1. Mayoral Recommendation:

That the Council be recommended:

- (i) that the Investment Fund be increased by £40 million to a total of £50 million to be initially funded by prudential borrowing, with the revenue costs associated with that borrowing (MRP and interest costs) to be funded from the investment returns or higher NNDR income;
- (ii) that the Investment Strategy for the fund as detailed within Appendix 1 be approved;
- (iii) that, subject to the deletion of 7.4(a) so as to require all decisions on allocations from the Investment Fund to be approved by the Council, the governance of fund as detailed within paragraph 7.4 be approved; and
- (iv) that the Chief Executive be delegated authority to set up a delivery team including sourcing external support if required, to be funded from the investment returns.

2. Officer Recommendation:

- 3.1 That the Investment Fund be increased by £40 million to a total of £50 million to be initially funded by prudential borrowing, with the revenue costs associated with that borrowing (MRP and interest costs) to be funded from the investment returns or higher NNDR income.
- 3.2 That the Investment Strategy for the fund as detailed within Appendix 1 be approved.
- *3.3 That the Council considers the options for the governance of fund as detailed within paragraph 7.4 or the Overview and Scrutiny Board's proposal as set out at Appendix 3.**
- 3.4 That the Chief Executive be delegated authority to set up a delivery team including sourcing external support if required, to be funded from the investment returns.

- 3.5 That the Chief Executive be delegated authority to make any changes to the Strategy, in consultation with the Mayor, Group Leaders, Section 151 Officer and Executive Head of Business Services.

*There are three options for the governance arrangements the first is set out in the Mayoral recommendation at (iii) above, the second is set out in the officer recommendation at 3.3 above and the third is the recommendation from Overview and Scrutiny set out below.

3. Overview and Scrutiny Recommendation:

- 3.1 That the Council appoints an Investment Committee, comprising of 6 members (politically balanced and to receive mandatory training, including any substitutes) and with terms of reference as follows:
1. To review the Strategy and make recommendations to the Council for revision of the same.
 2. To determine any investment or purchase using the Investment Fund up to the value of £5 million, in accordance with the Investment Strategy. All investments or purchases to be subject to a (documented) review by the s151 Officer, Monitoring Officer, Fund Manager and Executive Head of Business Services.
 3. To receive performance reports on the Investment Fund on a quarterly basis.
- 3.2 Where two or more members of the Committee vote against decisions of the Committee the matter stand referred to the Council for decision. The quorum of the Committee will also be a minimum of four members in attendance (rather than three) to ensure the voting procedures meet the intended requirements. The Monitoring Officer be requested to update the Standing Orders within the Constitution to reflect the voting provision and a quorum of four for this Committee. This approach will provide the Council with confidence in respect of the Committee's decision-making on major financial issues.
- 3.3 Any investment decisions in excess of £5 million to be approved by the Council.