



Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	City Investment Strategy/Fund Update
Date:	Friday 22 nd February 2008
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Relevant Background Information

As part of their strategic planning for 2008 and beyond, Members have considered the concept of a City Investment Strategy and Fund to give expression to the Council's leadership role at this time of opportunity for Belfast. On 19 October, Members agreed to the general approach being taken to the creation of a City Investment Strategy and Fund and asked that further reports on the resourcing and governance of the fund be submitted to Committee. Members also considered, at their meeting on 14th December, criteria which should underpin the development of the strategy, including that projects taken forward as part of the strategy should:

- Create a focal point for the Council to play a leading role in the development of the city; create a "can do" attitude amongst its citizens and create a sense of place and pride in Belfast.
- Encourage investment from and engagement of public, private and voluntary sectors, in the achievement of that aim.
- Contribute to the Council's priorities and vision for the city.

The fund will be a clear demonstration of the Council's propensity to action and its wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city.

Members have sought assurances about a number of aspects of the City Investment Strategy which are under development at present; in particular that;

- The Council should not commit to funding in advance of that funding being identified and realised;
- The funding strategy includes a realistic analysis of realizable assets;
- The strategy is taken forward within the context of the Council's corporate objectives for 2008 and beyond and informs priority setting within this process.

This purpose of this paper is to inform Members about the progress that is being made with respect to these issues and the stage of development at which the strategy now sits. Appended to the paper is a summary of some of the criteria that are informing the development

of the strategy, together with an outline process intended to allow Members to take the production of the city investment strategy forward alongside the development of the Council's overall strategy for 2008 and beyond. It is important that these are seen not as separate processes but as mutually reinforcing, with the Council's strategy giving expression to the impact and that Members want to make in the City and the investment strategy providing a key mechanism through which this can be realised.

Key Issues

A draft City Investment Strategy report is being finalised and it is intended that this will form the basis of party group briefings during March. Officers are fully aware that Members need to take decisions on the basis of a clear rationale and evidence base that ensures rate-payers money is being invested for the benefit of all citizens and to avoid the danger that the City Investment Strategy becomes a "super grant" rather than a proactive and deliberate way of ensuring that the projects most likely to take forward Members vision of the city happen. Therefore the report on the Investment Strategy will include the elements set out below:

Aims – alignment of the City Investment Strategy with the Council's overall strategy

The aims of the City Investment Strategy will align to the priorities and ambitions of the Council which are currently in draft form and which formed the basis of party briefings during January. The strategic objectives, as they currently sit have been framed as :

- **Strong Leadership - providing and growing city leadership;**
- **Economic Growth and wealth creation – creating a prosperous city;**
- **Community Cohesion and Well-being - promoting and improving the well-being of communities and individual and building good relations between communities and individuals.**
- **Environmental Sensitivity and Sustainability - creating a clean, green, attractive and safe city.**

These sit within Members' overall philosophy of leaving a legacy for the city - '**Today's Actions, Tomorrows Legacy**'. Underpinning these objectives are a number of principles including those of financial prudence and using and investing rate-payers money wisely. A key characteristic of the future strategy, identified by Members, is the idea of growing and maximising revenue from the city's rate-base. Members have set out that a key tenet of the Investment Strategy is that it provides the potential to create a virtuous cycle whereby investment grows the rate base and provides income to improve services and connect more people to opportunities thereby improving quality of life in the city and attracting further investment.

Officers are currently working up programmes, projects and performance information aligned to these objectives and will work to finalise these will Members during March and April.

ii. Process

The development, control, management and delivery of the city investment strategy is a key priority for the Council to ensure that public money is used wisely, best value is secured, maximum impact achieved (social, economic and environmental), equality legislation is pursued and the decision-making process is clearly understood and taken at the right level. **Appendix A** provides an overview of the initial process necessary to take forward the development of the City Investment Strategy with members and to ensure maximum engagement on this key issue. More detail with respect to proposals for the realisation of the strategy will form part of party briefings during March.

Members will be aware that the Committee has already set some guidance in terms of the criteria underpinning the strategy and fund, a summary of some initial draft criteria is therefore attached at Appendix B. It is to be stressed that, these are presented only to give Members a steer on emerging thinking; the criteria may need be further augmented after consultation with the parties. In addition, any final agreed criteria need to be reflective of our overall objectives, once finalised and the impact the Council wishes to make in the City. They will also have to reflect a balance between economic, social and environmental outcomes and take on board legal and accounting arrangements to meet legal vires, equality and audit requirements.

iii. Funding

Members are asked to note that the Council will not expend monies in respect of the City Investment Strategy until the funds for the strategy are realised.

The funding arrangements include a 1% contribution from the rates for the next three years; however Members have agreed, as part of the rate setting process to finance the 1% contribution from reserves rather than the rate for 2008/09.

The efficiency programme will contribute £500k per annum and a detailed report on efficiency will be taken to Committee in the Spring.

The largest contribution is expected from a more proactive approach to the management of the Council's assets. A detailed draft asset management strategy and associated policies is being developed together with a comprehensive schedule of Council assets. The schedule of assets is broken down into -

- Short term potential disposals - those already declared surplus
- Medium term possibilities – largely non-operational assets
- Longer term possibilities – operational assets that *may* have development potential

Current valuations are being independently validated; however, Members will understand that there will be wider social and environmental issues related to a number of these sites. Consequently, political judgement will be essential in determining the best way forward to take account of economic and technical considerations along with wider societal impacts.

The above deliberations will affect timing which also needs to take account of market conditions. In addition, Government has created a Capital Realisation Task Force to review the wider public sector asset base with a view to disposal of assets to help fund additional investment in priority areas. We have been in contact with the Task Force to ensure we can deliver a co-ordinated approach that does not flood the market and allows collaboration rather than competition between Belfast City Council and central government.

A further consideration is the need to align the overall strategy with the Council's emerging capital programme, work is underway on this aspect of the task which will form part of the briefing for Members in March.

Resource Implications

N/A

Recommendations

The draft City Investment Strategy/Fund is a substantial policy issue which requires sufficient time and consideration by Members before it can be finalised and will then require engagement with the private sector and other sectors.

It is therefore recommended that Party Groups consider the paper in detail during March and arrange for briefings as necessary.

Key to Abbreviations

N/A

Documents Attached

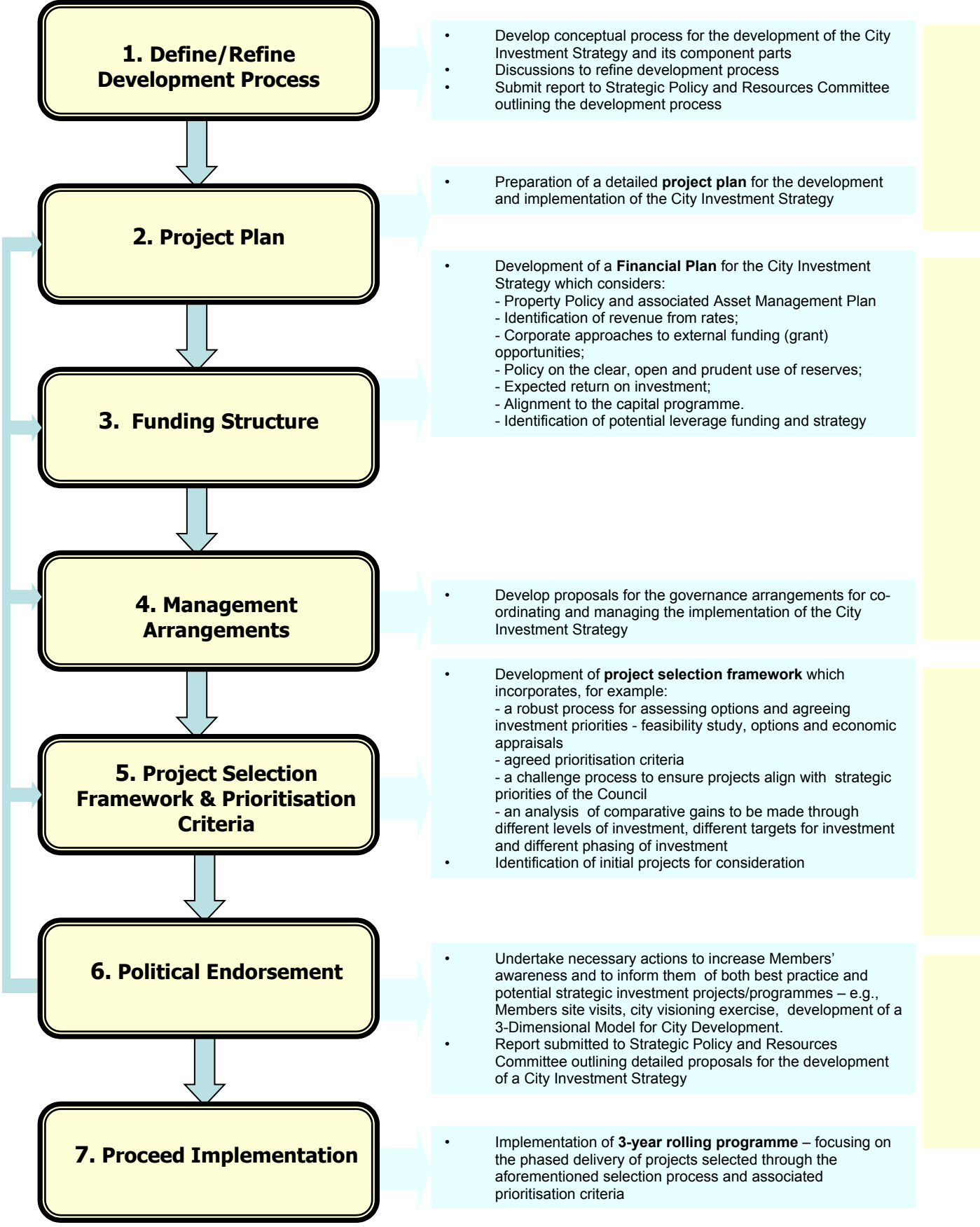
Appendix A - Process for further development of the City Investment Strategy; Appendix B – Draft Criteria and Principles

Appendix A: Process

PROCESS

Appendix C

ACTIONS



Appendix B – Draft Criteria and Principles

Criteria agreed by the Strategic Policy & Resources Committee 14th December 2007

Projects should:

1. Create a focal point for the Council to play a leading role in the development of the City; create a 'can do' attitude amongst its citizens; and create a sense of place and pride in the City.
2. Encourage investment from and engagement of public, private and voluntary sectors, in the achievement of that aim.
3. Contribute to the Council's corporate priorities and vision for the city.

The above criteria allow the Council both to take a lead role and to work in partnership with others to mutual and civic benefit, and invest in projects which are deliverable in the short to medium term.

Scheme specific criteria:

4. Promote the image of Belfast as a place to visit
5. Enable and/or promote the City as a place in which to do business
6. Bring financial or other economic returns to the City which help to build the City's rate base.
7. Promote Belfast as a City in which its citizens have pride and belief in a brighter future.
8. Enhance the City's strategic, social, cultural and environmental infrastructure.
9. Provide a lasting legacy for future generations.

Additional considerations identified by Members include:

- Return on investment.
- Decisions should be evidence based and take into consideration the wider social, economic and environmental benefits which would result from the Council's investment decisions.
- Criteria should not be too restrictive but should allow the Council to respond to initiatives from other sectors.
- Proposed principle that there should be an equitable geographical distribution of projects across the city - North, South, East, West and City Centre.
- Potential for the fund to provide for smaller neighbourhood programmes and initiatives.

Given the collaborative leadership, place shaping and service integration role that the Council is defining for itself **additional criteria** for consideration may include:

- Encourage collaboration between different stakeholders in the city;
- Lead to the integration of local services for the benefit of local people;
- Projects should help grow the rates base;
- Projects would not proceed without support – Council investment used to pump-prime or lever additional investment into the city;
- Links to the objectives of the Peace Plan – securing shared city space; transforming contested space; developing shared cultural space; building shared organisational space;
- Other cities who have established such a fund have considered potential projects in terms of, for example:
 - is it world class?
 - Is it exciting, distinctive?
 - does it provide us/Belfast with market advantage?
 - what is the return on investment both financial and non-financial;
 - does it build reputation?