



### Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources Committee
<b>Subject:</b>	City Investment Fund – update
<b>Date:</b>	19 October 2012
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources
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<b>1.0</b>	<b>Relevant Background Information</b>
1.1	<p>The existing objectives for the City Investment Fund (CIF) were agreed in December 2007:</p> <ul style="list-style-type: none"> <li>– create a focal point for the Council to play a leading role in the development of the city;</li> <li>– create a ‘can do’ attitude amongst its citizens and create a sense of place and pride;</li> <li>– encourage investment from and engagement of public, private and voluntary sectors, in the achievement of that aim; and</li> <li>– to contribute to the Council’s priorities and vision for the city.</li> </ul> <p>To date, £16million has been allocated to four iconic projects (Titanic Belfast; Connswater Community Greenway; Lyric Theatre and the MAC).</p>
1.2	<p>CIF is designed to enable us to take a lead role and work in partnership to deliver key investment projects which:</p> <ul style="list-style-type: none"> <li>– Promote the image of Belfast as a place to visit</li> <li>– Enable and/or promote the city as a place in which to do business</li> <li>– Bring financial or other economic returns to the city which help to build the city’s rate base</li> <li>– Promote Belfast as a city in which its citizens have pride and belief in a brighter future.</li> <li>– Enhance the city’s strategic, social, cultural and environmental infrastructure.</li> <li>– Provide a lasting legacy for future generations.</li> </ul>
1.3	<p>At its meeting on 23 March 2012, SP&amp;R Committee reviewed and confirmed the objectives for the next phase of CIF. Given both the changed needs of the city as well as the broader economic context, it was agreed that CIF support was extended to include programmes of capital investment (or clusters) as well as single iconic projects, which can demonstrate a cumulative iconic or transformational impact.</p>

2.0	<b>Key Issues</b>
2.1	<p>Moving forward into the next phase of CIF, and drawing from the learning from previous investments, there are a number of <b>key issues for discussion, outlined below for Members' consideration</b>, in line with the guiding principles for the Investment Programme.</p>
2.2	<p><b>Good relations and equality</b></p> <p>In the first phase of the CIF, the Council did not make a public call for proposals seeking support. Rather, in a civic leadership role, the Council considered a number of cultural, environmental and economic 'legacy' projects to determine its short-list for investment. While the Council is still fulfilling a civic leadership role and determining its strategic investments, it may be advisable to issue <b>a public call</b> outlining the criteria and objectives for investment to identify potential projects. It should be noted however that in the context of the projects already identified in the Investment Programme as potential CIF projects, there already has been public consultation and it is suggested that in the case of these proposals <b>public consultation should take place on a short-list agreed by SP&amp;R</b>, allowing the Council to satisfy its equality screening obligations.</p>
2.3	<p><b>Balanced investment</b></p> <p>At its meeting on 23 March, it was noted by SP&amp;R Committee that in order to ensure a balanced investment across the city, and given the scale of investments, that the time horizon for CIF is over <b>three terms of Council</b>, from 2007 when CIF was initiated through to 2019/20. This balance will need to be considered in the context of investments already made i.e. Titanic, Connswater, MAC and Lyric, and the money available for allocation.</p> <p>The AWGs have played a key role in the decisions related to the Local Investment Fund. A key consideration will be the impact of CIF projects on both city-level and area level outcomes. Therefore, it is proposed the final short-listing and <b>decisions on CIF investments will be at a city-level</b> i.e. SP&amp;R Committee with input at an AWG level.</p>
2.4	<p><b>Partnership and integration</b></p> <p>The first phase of CIF helped to lever in more than £160million in additional private and public sector investment. It is suggested that the next phase should also encourage investment from the public, private and voluntary sectors. There may be merit in proposing <b>an indicative match-funding ratio</b> e.g. that the Council contribution is no more than 50% of the total cost of the project. This is particularly pertinent in the context of the Social Investment Fund, enabling the Council to be a partner with serious resources, rather than one of a number of lobbying groups.</p> <p>Appropriate governance arrangements were established for the previous projects through which the Council influenced and secured project realisation, mitigated potential risks in regards to reputational risk, construction and ongoing operation. It will be essential that</p>

	<p><b>similar legal agreements</b> are in place for the next phase.</p>
2.5	<p><b>Value for money</b></p> <p>In terms of financing for the CIF, it is anticipated that there will be up to £26.5m by March 2015.</p> <p>SP&amp;R Committee previously agreed that the 4 principles which are to guide all Council’s investments are: affordability inc. consideration of available match funding; deliverability; feasibility; and sustainability inc. consideration of complementarity, deprivation and need. A draft outline process map for decision-making and implementation is appended. It is based upon the agreed process for the Local Investment Fund and the capital programme.</p> <p>In the first phase, investments were determined to be ‘iconic’. In this next phase, SP&amp;R has agreed that ‘clusters’ of projects might be considered, that will have a cumulative iconic or transformational impact. Therefore, while we will appraise projects on an individual basis, we will also <b>appraise the cumulative impact</b> of a cluster to contribute to the city’s strategic, social, cultural and environmental infrastructure. This will ensure that the impact of investments is not dissipated across a number of small, local projects.</p> <p>In the first phase, investments were rigorously and independently tested in line with standard <b>‘Green Book’ economic appraisal</b> requirements. It is recommended that this is a condition of investment for the next phase and will test the socio-economic and social benefits of projects to the city of Belfast, as well as financial returns to the city, in terms of the rate base and attracting further investment. This work will be supported by the recently agreed Feasibility Fund. It will also be necessary to ensure that externally commissioned appraisals, e.g. for the Social Investment Fund, meet this standard and are appropriately aligned to maximise value for money.</p>
2.6	<p><b>Sustainability</b></p> <p>A key political ambition in the first phase of CIF was to derive maximum community benefit to ensure that investments benefited all the citizens of the city. In the next phase, this could include alignment to any emerging corporate outcomes framework (linked to community planning) and include the use of social clauses, as well as potentially <b>contracting, measuring and monitoring secured community access</b> in the benefits realisation period of the project.</p> <p>Consideration needs to be given to the ensuring that the appraisal demonstrates that there are <b>no ongoing revenue cost implications</b> for the Council, in advance of decision to invest.</p>
2.7	<p><b>Next steps</b></p> <p>Following discussion at Committee, and party group briefings if requested, officers will prepare revised guidance and an implementation plan for CIF to present to Committee in November.</p>
2.8	<p>In order to distinguish CIF from SIF (Social Investment Fund), it is also recommended that</p>

CIF is changed to become the Belfast Investment Fund (BIF).
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<b>3.0</b>	<b>Resource Implications</b>
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Financial: up to £26.5m by March 2015

Human: none at present

Assets: none at present

<b>4.0</b>	<b>Equality Implications</b>
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When finalised, the CIF guidance and implementation plan will be screened in accordance with the obligations set out in the overall equality document for the Investment Programme.

<b>5.0</b>	<b>Recommendations</b>
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5.1 Members are asked for their feedback on the issues raised above, in particular:

- Need for public call for proposals and public consultation/engagement process;
- Investment priority for North and West Belfast, and rotational basis thereafter, to ensure balanced investment across the city;
- AWGs are consulted in long-listing process but overarching decision on short-list rests with SP&R;
- Potential indicative match funding ratio;
- Need to appraise the cumulative impact of a cluster to contribute to the city's strategic objectives;
- Ongoing contractual requirements regarding sustained community benefit; and
- Zero revenue implications for Council.

5.2 Committee agrees to brand the fund as the Belfast Investment Fund (BIF).