



## Belfast City Council

<b>Report to:</b>	Strategic Policy & Resources Committee
<b>Subject:</b>	Belfast Investment Fund
<b>Date:</b>	23 November 2012
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources
<b>Contact Officers:</b>	Caroline Wilson, Programme Manager

<b>1.0</b>	<b>Relevant Background Information</b>
1.1	<p>The existing objectives for the Belfast Investment Fund (BIF) 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) which has levered in over £160 million.</p>
1.2	<p>At its meeting on 23 March 2012, SP&amp;R Committee reviewed and confirmed the objectives for the next phase of BIF. Given both the changed needs of the city as well as the broader economic context, it was agreed that BIF 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>
1.3	<p>At its meeting on 19 October, SP&amp;R Committee gave some initial feedback on the process for identifying the next series of priorities for BIF investment.</p>
<b>2.0</b>	<b>Key Issues</b>
2.1	<p>Moving forward with the next phase of BIF, there remain a number of key issues for discussion, outlined below for Members’ consideration.</p>
2.2	<p><b>Long-list for consideration</b></p> <p>As part of the consultation process on the Investment Programme, the Council published a long-list of ‘Emerging Partnership Projects’ and no further projects were identified during the consultation process. In order to expedite decisions to invest, it is suggested that this</p>

	<p>long-list is provided to the Area Working Groups (AWGs) again to allow a short period of time (e.g. up until mid-December) for them to engage locally on priorities for investment with key stakeholder groups in their area. In addition to this, the long-list would be published on the Council’s website.</p> <p>In line with the process outlined in the appendix, the AWGs would then forward their preferred short-list to SP&amp;R Committee in early January.</p>
2.3	<p><b>Decision-making process</b></p> <p>It was noted at the previous SP&amp;R Committee that the AWGs have played a key role in the decisions related to the Local Investment Fund. It is proposed that the AWGs continue to play a central part in the decisions related to the BIF as outlined in para 2.4 below. It should be noted however that decisions in relation to the allocation of the finance will remain with the SP&amp;R committee in line with the council’s constitution.</p>
2.4	<p><b>Key stages</b></p> <p>Based on the advice from the Department for Finance and Personnel’s (DFP) current guidance on the appraisal, and approval of investments, there will be 3 key stages for the appraisal of projects:</p> <p><b>Stage 1 – Emerging Projects – Strategic Outline Case (SOC)</b></p> <p>The SOC is a very brief preliminary analysis which introduces the basic project concept and contains enough detail to support an informed decision on whether to proceed the next stage. It should include a preliminary assessment of strategic fit, options, value for money, affordability and achievability.</p> <p><b>Stage 2 – Uncommitted Projects – Outline Business Case (OBC)</b></p> <p>The OBC requires a much more comprehensive analysis. It should provide fuller assessment of strategic fit, option appraisal, achievability, assumptions about costs, benefits, risks and funding. The OBC should determine the preferred option in terms of the level and form of service provision, and should recommend a particular procurement route.</p> <p><b>Stage 3 – Committed Projects – Full Business Case (FBC)</b></p> <p>The FBC should provide all the information needed to support a decision to award a contract and commit actual funding, and should provide a basis for the necessary project management, monitoring, evaluation and benefits realisation. It includes a final review of strategic fit, options, value for money, affordability and achievability, as well as final plans for monitoring, evaluation and benefits realisation.</p> <p>SP&amp;R Committee has already agreed that the principles of appraisal must be applied with proportionate effort to all proposals that involve spending or saving public money, or changes in the use of public resources.</p> <p>These 3 stages are integrated into the decision-making process outlined in the appendix and Members will receive a summary of the documentation outlined above.</p>

2.5	<p><b>Prioritisation framework</b></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.</p> <p>In this next phase, SP&amp;R has agreed that ‘clusters’ of projects might be considered where they have a cumulative iconic or transformational impact. Projects will therefore be appraised on an individual basis but the cumulative impact of a cluster to contribute to the city’s strategic, social, cultural and environmental infrastructure will also be considered.</p> <p>Investments will be rigorously and independently tested in line with standard ‘Green Book’ economic appraisal requirements, to 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.</p> <p>A prioritisation framework based on the information contained within the appraisals will allow SP&amp;R Committee to consider investments on a like-for-like basis across the city. This framework will be presented to SP&amp;R for their consideration, in due course.</p>
2.6	<p><b>Match funding</b></p> <p>One of the key objectives of BIF is to lever investment from the private and public sectors, as it did on the 4 previous BIF investments. It is agreed that there is merit in proposing an indicative match-funding ratio e.g. that the Council contribution is no more than % of the total cost of the project. This is particularly pertinent in the context of the Social Investment Fund. Previously at SP&amp;R, there were a range of % values indicated from 50% up to 75%.</p> <p>Advice is sought from Members on the acceptable match-funding ratio.</p>
2.7	<p><b>Revenue implications</b></p> <p>It is agreed that the appraisal demonstrates that there are no ongoing revenue cost implications for the Council, in advance of decision to invest, and that investments are self-financing at the benefits realisation stage.</p>
2.8	<p><b>Sustainability of outcomes</b></p> <p>A key political ambition in the Investment Programme is to derive maximum community benefit to ensure that investments benefited all the citizens of the city.</p> <p>It is recommended that legal agreements with partners are aligned to the emerging corporate outcomes framework (linked to community planning) and include the use of social clauses, as well as contracting, measuring and monitoring secured community access in the benefits realisation period of the project.</p>
2.9	<p><b>Next steps</b></p> <p>Following discussion at Committee, officers will prepare the necessary information for AWGs’ consideration and an appraisal/prioritisation framework for SP&amp;R.</p>

<b>3.0</b>	<b>Resource Implications</b>
Financial: up to £20m by March 2015 Human: none at present Assets: none at present	

<b>4.0</b>	<b>Equality Implications</b>
As part of the OBC documentation, a screening will be carried out on each project to indicate potential equality and good relations impacts and any mitigating actions needed.	

<b>5.0</b>	<b>Recommendations</b>
5.1	Committee is asked for their feedback on the issues raised above, in particular, the match funding ratio; and
5.2	Committee is asked to agree that the preliminary information for AWGs' consideration is prepared on the basis of the long-list in the Investment Programme and priorities should be forwarded to SP&R for its January meeting.

<b>6.0</b>	<b>Appendix</b>
Belfast Investment Fund (BIF): Approval process	

## Appendix 1

### Belfast Investment Fund (BIF) Approval process

