

Decision Maker: Council

Date: 1st July 2013

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **NEW ECONOMIC DEVELOPMENT AND INVESTMENT FUND**

Contact Officer: Graham Walton, Democratic Services Manager
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Chief Officer: Mark Bowen, Director of Corporate Services

Ward: N/A

1. Reason for report

- 1.1 At its meeting on 12th June 2013 the Executive received the Provisional Final Accounts for 2012/13. As part of the Council's commitment to economic development and to achieve sustainable levels of additional income it was proposed that a new combined Economic Development and Investment Fund be established.
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2. **RECOMMENDATIONS**

- (1) That the Regeneration Investment Fund and the Economic Development earmarked reserves be combined into a new Economic Development and Investment Fund.
- (2) That additional funding of £20.7m for the new Economic Development and Investment Fund be met from a corresponding reduction in general reserves.
- (3) Note that, subject to approval of the above, the Council's general reserves are reduced to a projected £20m.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost (see 5 below)
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: N/A
 4. Total current budget for this head: £N/A
 5. Source of funding: The new fund combines the Regeneration Investment Fund with Economic Development earmarked reserves and additional funding from general reserves.
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable. This report does not involve an executive decision
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 As part of the report on the Provisional Final Accounts 2012/13 the Executive considered proposals for a new Economic Development and Investment Fund and agreed that Council should be recommended to establish the fund.
- 3.2 The advice contained in the report to the Executive is set out below -

3.3 Economic Development and Investment Fund

- 3.3.1 At its meeting on 7th September 2011, Executive approved a regeneration investment fund of £10m to provide key regeneration opportunities whilst also being utilised to provide a long term alternative income stream. Each investment decision is considered on a case by case basis to consider the income stream, liquidity of assets, risks relating to asset depreciation/increase in value etc. Any level of income is expected to significantly exceed treasury management interest earnings. 2 properties have been acquired to date and there are further opportunities reported elsewhere on this agenda.
- 3.3.2 A key strand in the Council's financial strategy relates to economic development, creating employment opportunities and generating income. Further details were provided in section 11 of the "Draft 2013/14 Budget and Update on the Council's Financial Strategy 2014/15 to 2016/17" report to Executive on 9th January 2013. Investment in economic development could reduce costs relating to council tax support through the creation of employment opportunities. It could also provide additional income from new homes bonus and the impact of localisation of business rates. In addition, any local economic growth will contribute towards supporting national economic growth.
- 3.3.3 The Local Plan report to Executive in February 2013 identified a policy objective to maximise economic growth which will include identifying investment opportunities and undertaking key infrastructure improvements in, for example, Biggin Hill, Crays and Bromley Town Centre. Details of opportunities to increase economic growth which requires a significant contribution from the Council are reported elsewhere on this agenda.
- 3.3.4 The Council approved, as part of finalising the 2013/14 Budget, an Economic Development earmarked reserves of £16.319m to reflect the Council's commitment to economic development.
- 3.3.5 It is proposed that the remaining monies within the property investment fund are combined with the economic development fund.
- 3.3.6 At the meeting on 7th September 2011 the minimum level of general reserves were reviewed and since that time there have been separate provisions made within earmarked reserves to cover key risks around loss of income from treasury management investments, impact of recession and infrastructure investment costs. To reflect these changes the Director of Finance has reviewed the minimum level of general reserves and, on the basis that the Council retains significant earmarked reserves to support financial risks, that the minimum level of general reserves can be reduced to £20m. This level will continue to be reviewed as part of the annual council tax report.
- 3.3.7 To reflect the Council's commitment to economic development and achieve sustainable levels of additional income it is proposed that the level of general reserves be reduced to £20m at this stage. This will provide additional funding, combined with savings reflected in the outturn for 2012/13 to increase the new combined Economic Development and Investment Fund. As

detailed in the reports elsewhere on this agenda there is a need for significant funding to be set aside to contribute towards the economic development and investment opportunities of the Council.

Non-Applicable Sections:	Policy/Financial/Legal/Personnel
Background Documents: (Access via Contact Officer)	Report to the Executive on 12 th June 2012 – agenda item 6: provisional Final Accounts 2012/13