

CABINET

16 October 2018

Title: Investment and Acquisition Strategy Update	
Report of Report of the Cabinet Member for Finance, Performance & Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: By Minute 37 (19 September 2017), the Cabinet approved an updated Investment and Acquisition Strategy (IAS) to support the Borough's growth opportunities and to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets. The key objective of the IAS is to generate net income of £5.12m by 2020/21. Be First will be the main vehicle for identifying and bringing forward the investment schemes required to deliver this objective. Be First have undertaken a review of the Council's development programme and have identified new investment opportunities. This report provides an update on progress in delivering the £5.12m and seeks approval to a revised IAS, including the addition of a new investment category of commercial lending to support regeneration projects and delivery of the Council's wider objectives.	
Recommendation(s) The Cabinet is recommended to: (i) Note the progress being made in meeting the investment and acquisition income target; (ii) Approve, in principle, the revised asset class of commercial lending to enable regeneration up to an allocated value of £200 million and expected returns matrix contained in Appendix 1 to the report, subject to: a). Commercial due diligence and underwriting advice being procured as to commercial, legal, accounting, due diligence, risk management, information and state aid requirements, and appropriate protocols being put in place; b). Any necessary revisions to the Annual Investment Strategy in-year being approved by the Assembly as part of the Treasury Management Strategy Statement; c). Any commercial lending decisions until the protocols are in place pursuant to	

recommendation (ii)(b) above being made on a case by case analysis and due diligence;

d). Regular review and monitoring of the asset class and Investment Strategy;

- (iii) Agree the revised Investment and Acquisition Strategy at Appendix 2 to the report, subject to final approval of the Strategy by the Assembly as part of the Treasury Management Strategy Statement;
- (iv) Approve, in principle, the policy to fund future major works on residential schemes held by Reside to be funded either from future borrowing or from future rental surpluses; and
- (v) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance (or an authorised delegate), to agree and execute all the legal agreements, contracts and other documents on behalf of the Council required to implement any aspect of the investment programme identified in this report.

Reason(s)

The proposals in this report will support the regeneration and economic growth of the borough and will help to support the long-term financial sustainability of the Council.

1. Introduction and Background

- 1.1. The Council is facing unprecedented challenges and opportunities. The population of the borough is expected to increase to 220,000 by 2020 and rise further to 275,000 by 2037. Demand for Council services is increasing but budgets will fall leaving a cumulative shortfall of c£68m by 2020.
- 1.2. However, the Borough's growth potential provides the opportunity to invest in Barking and Dagenham's future, to support growth and generate a long-term financial return to support Council activities.
- 1.3. The scale of investment opportunity is immense. More than 50,000 new homes will be built and c20,000 new jobs created over the next twenty years. This will be accompanied by increased demand for employment space and sustainable energy providing the Council with a key leadership and investment opportunity.
- 1.4. Be First has been operational since early 2018. The organisation has reviewed and reconfigured the development pipeline, which has brought new investment opportunities to the Council and led to the identification of a new asset class to support private sector led regeneration through development financing which would enable and accelerate development and generate a return for the Council.
- 1.5. In line with the Government's Statutory Guidance on Local Authority Investment (3rd edition effective from 1 April 2018 ("the Guidance")) this report provides an update in delivering investment objectives and sets out the Council's investment and acquisition strategy to approve in principle finance investment opportunities going forward (subject to further commercial advice, due diligence and appropriate protocols). The Strategy will be reviewed and brought back to Cabinet and Council Assembly for approval annually. In addition, the commercial advice to be procured

in developing the protocols for risk management, credit control and due diligence in respect of underwriting commercial loans may necessitate in-year revisions to the Investment and Acquisition Strategy which can be presented for approval as part of the annual Treasury Management Strategy early 2019.

2. Proposal and Issues

2.1. Investment and Acquisition Strategy

2.2. In April 2018, the Government issued the revised Guidance to help local authorities ensure that their investment strategies are transparent, minimise risk and support delivery of Council objectives.

2.3. It is therefore proposed that the strategic objectives of the investment strategy are restated as follows: -

- *To support and unlock regeneration and economic growth opportunities within the borough.*
- *To establish a property portfolio to generate long-term revenue and capital growth targeting an initial cash return of £5.2m by 20/21 and indexed at CPI thereafter.*

These objectives reflect the predominantly affordable housing nature of the investment opportunity in Barking & Dagenham. Affordable rent housing often needs capital grant to achieve financial viability and will take several years before schemes becoming cash positive.

2.4. To minimise investment risk and to ensure that invested capital can be realised the allocation of investment funds will be guided by the following investment principles. These objectives frame the evaluation, management and monitoring of all investment and funding opportunities considered by the Council:

- **Security:** ability of assets to hold and increase their capital value in line with inflation
- **Liquidity:** ability of invested funds to be realised through the sale or refinancing of the asset reflecting the illiquid nature of direct property ownership
- **Yield:** ability of assets to generate positive Net Operating Income and positive net returns after debt service within [market normative ranges]

2.5. Investments will be made into the asset classes set out in Appendix 1. It is proposed that a new asset class of Commercial Lending is included in principle at this stage subject to further work on due diligence and protocols. This will allow the Council to, where appropriate, support private-sector led regeneration schemes which contribute to the Council's strategic investment and regeneration objectives and to make a commercial rate of return subject to state aid principles. This is a complex new investment activity for the Council, specialist advice will be required on initial protocols and on a case by case basis. A commercial lending policy will be produced to establish detailed lending and underwriting criteria. Investments will be expected to make minimum levels of returns. These are set out in detail in Appendix 1.

Asset class	Sector	Target Portfolio structure	Allocation £m's
Residential	Affordable Rent	56%	560
	Shared Ownership		
	Market Rent (secondary)		
	Market Sale	10%	100
Commercial	Offices (good secondary)	10%	100
	Retail (good secondary)		
	Industrial (good secondary)		
	Student & Creative Arts		
	Hotel & Leisure		
Infrastructure	Energy	4%	33
	Infrastructure		
Commercial Lending	Debt	20%	200
Total		100%	993

2.6. To support decision making in respect of the proposed new asset class of Commercial Lending expert external advice will be commissioned. This advice is intended to produce a commercial lending evaluation process and procedure to ensure that lending decisions are made on market normative terms. This advice will be procured and put in place by early 2019.

2.7. This advice is likely to cover the following key areas of commercial loan underwriting:

- Commercial lending due diligence: key commercial, legal, accounting information, risk and contract management, credit control and state aid requirements
- Interest rate setting process: process to determine commercially appropriate contract interest rate reflecting borrower, project and market risks, and state aid considerations
- Loan agreement: template term sheet and template loan provisions
- Security: template security required over borrower assets and project assets
- Risk Management process
- Loan management process
- Delinquent loan management process
- External support requirements: individual project expert advice requirements
- Support as required from independent advisers to Investment Panel, Chief Operating Officer and / or Cabinet in reaching investment/lending decisions

2.8. Delivering the £5.125m income target

2.9. The Council is on track to achieve the investment income target by 2020/21 in cumulative terms. There is a potential shortfall in income in 2020/21 when compared to the budget target of £5.125m but this shortfall will be covered by including surpluses from prior years but also through Be First bringing forward the development of pipeline schemes. To better align future capital expenditure and rental growth, officers are considering a new policy whereby major works would be funded by borrowing or use of future investment portfolio surpluses. This approach would be financially more efficient, matching expenditure to rental growth and would replace holding cash inefficiently in low-interest accounts.

2.10. The table below summarise the current net income projections arising from operational investment schemes and schemes in development.

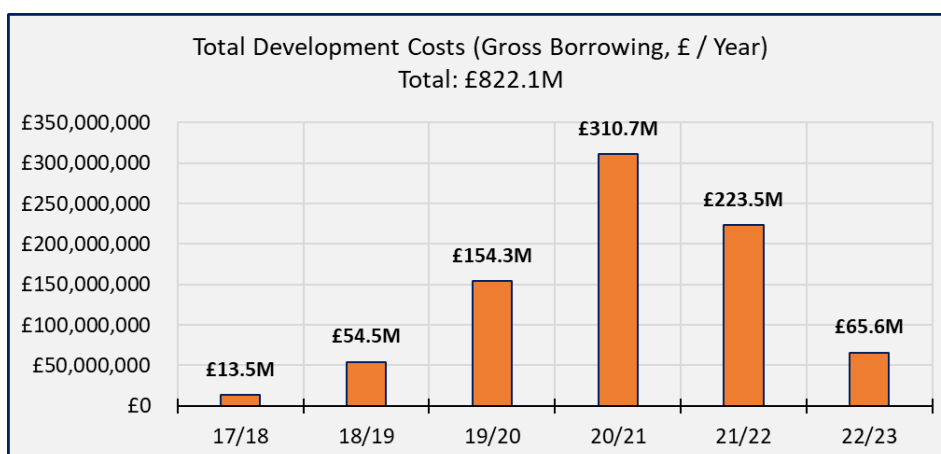
Investment Income Forecast				
	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
MTFS Savings Target		2,365	3,733	5,125
Total Investment Income		3,458	2,925	3,826
Surplus / (Deficit)		1,093	- 808	- 1,299
Accumulative Surplus / (Deficit)	1,290	2,382	1,574	275

2.11. Investment Programme

2.12. Be First is now established as the Council primary delivery agent for the delivery of current schemes and identification of new investment schemes. The development programme has been reviewed, development densities increased where appropriate and additional investment opportunities have been identified which are being actively pursued as set-out in the Be First business plan.

If secured, the additional projects identified would significantly increase the Council's investment funding requirements and therefore borrowing. This will require a review of the investment funding strategy, with potentially other financing options being considered from institutional funders such as pension funds, insurance companies and banks. Other financing options would seek to maximise the benefits to the Council of financing at scale at competitive borrowing rates and using bespoke durations and repayment schedules. It would also allow the Council to focus on financing development schemes, limiting development risk and refinancing at the end of project stabilisation to release potential equity growth for reinvestment or use elsewhere by the Council.

2.13. The table below summarises the current development programme set-out in the Be First business plan and reflected within the current Medium-Term Financial Strategy.



2.14. This programme requires c£822m of gross cost to be funded. The actual long-term borrowing required as a result will be significantly less when grant, sales and debt repayment are considered. It must be noted that not all of the borrowing required will be long-term borrowing, with a significant portion of the schemes including sales and shared ownership, which will result in some of the debt being repaid after

the schemes are complete. In addition, each scheme's cashflow includes debt repayment and debt repayment remains a fundamental part of the Investment and Acquisition strategy which can include a range of financing approaches.

3. Consultation

- 3.1. The proposals in this report were considered and endorsed by the Corporate Strategy Group on 19 September 2018 and have been discussed with Cabinet Members and relevant officers.

4. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

Development period and long-term borrowing

- 4.1. Due to the scale and timing of the development programme the initial schemes will be funded by borrowing from the Public Works Loan Board (PWLB). As the scale of development increases funding using institutional funders, refinancing or bond issuance. This approach will allow the Council to limit funding to a defined development programme and to refinance schemes, subject to market conditions, when fully let to release capital growth for reinvestment in other projects or elsewhere in the Council.

Medium Term Financial Strategy

- 4.2. In order to complete the 44 IAS schemes, as well as other additional schemes identified by Be First, the Council will need to increase its level of borrowing and this will require a significant increase to the Council's debt ceiling. This will, in turn, result in an increase in the Council interest payable budget to fund the borrowing. To manage and monitoring the borrowing requirement will require detailed cashflow analysis and regular capital monitoring. To address these requirements a Capital and Investments section within Finance has been established to manage the Council's borrowing as well as to provide analysis and monitoring of the Council's investment strategy.
- 4.3. The Council's balance sheet is currently £1bn in value. To fund the Investment Strategy, the Council will be heavily geared and the debt to asset ratio could be as high as 2:1 during the development period. This ratio will decrease as assets are built and let and are then included on the Council's balance sheet.
- 4.4. In line with the prudential code, the Council will need to demonstrate it can afford to carry the cost of borrowing to fund for both the construction period as well as the initial years before each of the schemes become cash flow positive. All borrowing will be profiled against the individual schemes, ensuring that the cash is available during the construction stage but that the repayment of the debt is included as the schemes generate income from rental and sales over the economic life of the asset. Depending on the size of the scheme, the breakeven point could be between 3 to 5 years or longer in the case of London Affordable Rent tenures without the inclusion of GLA capital grant.
- 4.5. The Investment Panel will review all schemes and investment proposals individually

based on the Terms of Reference previously agreed by Cabinet (or as revised).

- 4.6. Property acquisitions may be held on the Council's balance sheet or, where more financially advantageous, acquired through a Barking and Dagenham Reside SPV. Acquisitions will be supported by detailed legal and tax advice for each proposal.

5. Legal Implications

Implications completed by: Suzan Yildiz, Head of Legal (Commercial)

- 5.1. The report provides an update on the Investment Strategy and seeks 'in-principle' approval for a new commercial lending asset class to enable delivery and acceleration of regeneration projects in the borough. Following in-principle approval by Cabinet, further commercial advice will be procured on issues including underwriting, risk and credit management, due diligence and state aid. This process will enable any necessary revisions which support the new asset class of development finance lending to be made to the Investment Strategy. Any revisions to and final approval of the Investment Strategy will rest with Council Assembly, following the approval of Cabinet, alongside the Treasury Management report in early 2019.
- 5.2. **General powers of competence, investment and prudential borrowing**
- 5.3. A number of powers concerning borrowing, investment and dealings with property empower the Council to pursue the proposed Investment Strategy.
- 5.4. Section 1 of the Localism Act 2011, the general power of competence ("GPC") empowers local authorities to do anything that an individual can lawfully do provided that the activity is not expressly prohibited by other legislation. Activities authorised by the GPC include investments, trading, charging or loan decisions which may be undertaken through commercial/company vehicles with the primary aim of benefiting the authority, its financial management, its area or its local communities. The power is wide and provided that the specific investment activity is not expressly restricted or proscribed by other legislative provisions, it will encapsulate the primary objectives of the Investment Strategy which are predicated upon ensuring the effective management of the authority's finances to optimise outcomes for the development and regeneration of its areas for the benefit of local communities.
- 5.5. Whilst the General Power of Competence will permit the Council to invest, investment activity undertaken purely for a return would be deemed as '*activity for a commercial purpose*' which cannot be undertaken directly by the authority except through a company structure within the meaning of Section 1(1) of the Companies Act 1996 (s.4 Localism Act 2011). However, if the commercial activity and a commercial return are incidental to other objectives, a company vehicle to deliver the activity may not be required. A case by case approach is advised on individual investment decisions and their structures to ensure that they comply with the spirit of the 2011 Act.
- 5.6. Operating through a company structure will have the advantage of ring-fencing financial risks, however, there are also attendant corporation and income tax liabilities which will need to be addressed in a full business case as individual investment decisions are pursued by wholly owned company vehicles, such as

Reside and Be First. The formation of each investment company vehicle will also need to consider the financing of the company, tax and any state aid implications. Notably, the Investment Strategy proposes that Be First, a regeneration vehicle which was created and launched by the Council on 1 October 2017 will generally act as development manager and the main vehicle for delivering development elements of the Investment Strategy.

- 5.7. The creation and governance arrangements of Be First are not the subject of this report, but its detailed Business Plan was approved by Cabinet in January 2018. Any cross-dependencies between the Be First Business Plan (i.e. development and other opportunities to be pursued by Be First) and the IAS should be monitored and reported as part of the IAS and Treasury Management Strategy. To the extent that any other special purpose vehicle companies (SPVs) are created, their purpose, creation and activities would be the subject of future decisions.
- 5.8. Section 12 of the Local Government Act 2003 ("Power to Invest") enables a local authority to invest for any purpose relevant to its functions, or for the purposes of the prudent management of its financial affairs. Speculative borrowing to invest purely for profit will not be deemed directly relevant to the authority's functions and will not, therefore, be authorised under this power. However, investments in land, property or through loans which facilitate accelerated regeneration, and which are in line with CIPFA's Prudential Code for Capital Finance and the Statutory Guidance on Local Government Investments (3rd edition effective from 1 April 2018) ("the Statutory Guidance"), would be consistent with the prudential investment of funds borrowed for the purpose of expenditure in the reasonably near future. The CIPFA Code contains detailed recommendations in the context of prudent borrowing practice and should be considered as individual investment decisions are made.
- 5.9. Section 1 of the Local Government Act 2003 ("Power to Borrow") provides local authorities with the power to borrow for any purpose relevant to their functions or for the prudent management of its financial affairs. The Power to Borrow has similar constraints to the investment power under the 2003 Act. Borrowing primarily to achieve a return is unlikely to be deemed connected to the functions of the Council or prudent financial management. Caution should be exercised in making individual decisions to ensure that new investments financed with borrowing do further the functions of the Council and are consistent with prudent management of the Council's financial affairs.
- 5.10. Section 111 of the Local Government Act 1972 ("Incidental Power") enables a local authority to do anything (whether involving the expenditure, borrowing or lending of money) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 5.11. Investment and borrowing for the sole purpose of creating a return would not be in pursuance of the functions of the authority as required under the above powers. However, the report has clearly set out the primary objectives of the investment activity relate to shaping the strategic growth and economic development of the area. Therefore, investment and borrowing in respect of property assets would be prudent and authorised, when used as regeneration tools, alongside other financial measures, to provide a suitable diversified housing mix for the growing local population, to regenerate local areas and to create employment and education opportunities. It is critical that the primary policy objectives of any investment

activity, such as building new homes, regenerating an area or the creation of employment opportunities, are furthered and public funds are not exposed to unnecessary or unquantified risks.

5.12. **Statutory Guidance**

5.13. In exercising its powers to invest, the Council is required by statute to have regard to the Statutory Guidance. The Guidance advocates the preparation of an Investment Strategy which is to be approved by its Council Assembly and which the Council is expected to follow in decision making unless sensible and cogent reasons exist for departing from it. The Guidance also contains the following notable advice: -

- a. local government investment priorities should be based on security, liquidity and yield in that order;
- b. the principles of transparency and accountability are important, hence, Council Assembly should approve the IAS and any revisions in year;
- c. the IAS should include quantitative indicators to assess the total risk exposure as a result of investment decisions.

5.14. The report seeks in-principle endorsement of Cabinet for a new category of investments described as 'commercial lending' effectively a proposal to provide development finance/loans to enable accelerated delivery of regeneration to be funded by the Council through borrowing or its own means. This is a new investment activity for the Council which carries significant commercial, financial and legal risks. Hence officers will procure the appropriate advice and protocols to ensure effective risk and credit control arrangements are put in place. The Guidance specifically recognises that local authorities may choose to advance loans to local enterprises, wholly owned companies and through joint ventures as part of a wider strategy of economic growth (at paras 33-34) provided that their Investment Strategy demonstrates that: -

- a. Total exposure to these types of loans is proportionate;
- b. The Council will measure the credit risk of their loan portfolio and put in place appropriate credit control arrangements to recover overdue payments;
- c. The Council has formally agreed to the total level of loans by type and their total loan book value is within self-assessed limits.

5.15. The Guidance also cautions that it has been updated to reflect patterns of local authority behaviour which exposes them to '*too much financial risk through borrowing and investment decisions*', such as investing with the primary aim of generating profit or providing long term investments or loans for regeneration or place making purposes (Annex A, Guidance). Hence, transparency and ensuring that both officers and members have the requisite skills, capacity, culture and advice to support decisions and judgements on overall risk exposure are paramount to pursuing investments involving loans and borrowing (paragraphs 48-50 of the Guidance). To comply with these requirements and ensure transparency, the commercial lending category and resultant changes to the Investment Strategy and the appropriate protocols to implement the proposals, will be presented for approval by full Council and Cabinet following consideration of commercial advice.

5.16. **Property Acquisition Powers**

- 5.17. The Investment and Acquisition Strategy (IAS) is a critical element of the Council's overall Investment Strategy. The aims of IAS are to increase the Council's income generating assets to a specified target net investment return of 1.5% to support the long-term financial stability of the Council.
- 5.18. The aim of IAS is not merely to generate a commercial return. The primary aims are to support regeneration and economic development programmes in the Council's area by reinvesting net yields within the borough. Therefore, the IAS strategy has a double bottom line of generating a return on investment for the purposes of securing the sustainable financial management of the Council for the regeneration and economic development of the Council's area. As such the IAS and investment decisions pursuant to the Strategy are likely to fall within the parameters of the General Power of Competence (and other relevant powers) providing that its core aims of supporting regeneration and economic development are progressed. The Statutory Guidance should be adhered to in approving the Strategy and making investment decisions.
- 5.19. Notably, many individual investment and acquisition decisions will be made in implementing the various strands of the Investment Strategy. Individual investment decisions may be taken by the Chief Operating Officer, advised by the Investment Panel, pursuant to delegated powers in respect of 'corporate and strategic finance, treasury management, investments, and the capital programme...' (Part 3, Chapter 1, paragraph 8.1(g) of the Constitution). If such decisions are key decisions, or urgent action is taken to acquire land (under paragraph 4, chapter 16, Part 2 of the Constitution), the decisions must be reported to and notified to Cabinet in future reports. At all times, full consideration should be given to the Council's powers of investment and acquisition, any relevant guidance such as the CIPFA Code, the Statutory Guidance and the overall aims of this Investment Strategy.
- 5.20. If strategic land required for regeneration and supported by planning policy cannot be assembled through voluntary acquisitions, which forms a key part of the Investment Strategy, the Council may consider recourse to its compulsory purchase powers. However, acquisitions by compulsory purchase are beyond the remit of this report which is focused on voluntary acquisitions. Suffice it to say that such decisions would be individually reported for decision following careful consideration of the relevant enabling powers and constraints imposed by public law and relevant guidance.
- 5.21. For the sake of completeness, in addition to the General Power the following land acquisition powers are relevant and available to pursue individual projects in line with IAS: -

Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, whether involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

In accordance with the Local Government Act 1972, Section 120, the Council is empowered to acquire by agreement:

- (a) any land situated inside or outside its area for the purposes of any of its functions stipulated by the 1972 Act or other statutory provisions or
- (b) for the benefit, improvement or development of its area, and notwithstanding that the land is not immediately required for that purpose. Until the land is required for the purpose acquired, it may be used for any purposes associated with any of the Council's functions.

5.22. Governance Implications

5.23. The Cabinet is responsible for receiving periodic reports on the Council's Investment and Acquisition Strategy and to approve the investment and land acquisition budget (Part 2, Chapter 6, para 2.1). Hence, this update report and the approval of the investment budget and endorsement in-principle of commercial lending for regeneration purposes up to a budget of £200 million are appropriate decisions for Cabinet. However, Council Assembly has responsibility for approving plans, strategies and the Treasury Management Strategy (Part 2, Chapter 4, para 2.1). Hence, the commercial lending asset class is a significant new revision to the IAS and along with other material revisions would require approval of Council Assembly. The final IAS will be presented for approval by full Council alongside the Treasury Management Strategy in February 2019.

5.24. Individual Investment Decisions

5.25. The Council's Constitution, Part 4, Chapter 4 sets out the Land Acquisition and Disposal Rules. In accordance with paragraph 2.1, Part 2: Articles, Chapter 6 of the Constitution all key decisions and strategic decisions falling within the Land Acquisition and Disposal Rules as to the use, acquisition and disposal of land and property assets are generally within the remit of the Cabinet.

5.26. Formulation of strategic decisions is, at this time, overseen by the Property Advisory Group (PAG) and the Cabinet. The Chief Operating Officer has constituted an Investment Panel, and to the extent that acquisition decisions are taken for investment purposes pursuant to the IAS, the Panel will advise and make recommendations on such decisions either to COO (to the extent of the delegated powers available) or to Cabinet (Part 3, Chapter 1, paragraph 8.2). Such investment driven acquisition decisions, depending on the value of assets to be acquired may also be key decisions which would be publicised on the Council's forward plan of the decision. Individual decisions on strategic acquisitions pursuant to the Investment Strategy would be made by Cabinet or COO, advised by the Investment Panel, in accordance with the Council's Constitution and its Land Acquisition and Disposal Rules and the Scheme of Delegation.

5.27. Section 9D(2) of the Local Government Act 2000 as amended establishes the functions of Executive Cabinets. This enables a Cabinet to carry out decisions on any function unless reserved by order of the Secretary of State. Investment decisions of an Authority are not a reserved function. Under part 3 Chapter 1 paragraph 1.2 of the Council's Constitution, the Cabinet can in turn delegate its functions to an officer if it so determines or authorise the officer to take investment decisions subject to established parameters, such as the need to consult prior to deciding. In the case of investments there can be a need to move quickly to make the best of opportunities. Therefore, authorising the section 151 Local Government

Act 1972 Chief Financial Officer to make individual investment decisions is established practice.

- 5.28. In making investment decisions, both officers and members are advised to observe the principles of transparency and have regard to the parameters of the powers available to them and relevant statutory guidance.

6. Other Implications

- 6.1 **Risk Management** - each potential investment and land acquisition opportunity will be subject to a full evaluation and risk analysis process as part of the IAS approvals process and scheme development Gateway review mechanism. This will be managed on behalf of Cabinet by the Investment Panel. The Investment Panel will be supported by external professional advisors
- 6.2 **Contractual Issues** - sites acquired in advance of planning permission being granted would be acquired under a Call Option arrangement or through outright purchase depending on the commercial evaluation and opportunity provided by each site. Each such proposed acquisition will be subject to the review process set out in Appendix 3.
- 6.3 **Staffing Issues** - additional staff may be required to implement and manage the anticipated level of investment and consequent investment portfolio. Any additional staffing costs would be funded from investment returns.
- 6.4 **Customer Impact** - the proposals in this report would help to achieve the Council's growth objectives and would help to achieve financial sustainability of the Council. In addition, the investment and regeneration programme facilitated by the IAS will underpin the creation of new communities within the borough and will increase housing choices and housing affordability. In turn, this will help to address fuel poverty and help improve household health and educational outcomes.
- 6.5 **Safeguarding Children** - purchase of land in advance of planning permission could potentially lead to the development of additional family housing which could improve help improve the life chances of children through a healthier environment and better domestic space in which to study.
- 6.6 **Health Issues** The provision of new housing has demonstrable health and wellbeing effects for occupants.
- 6.7 **Property / Asset Issues** - the proposals in this report will help the Council increase its affordable housing and income generating asset base. The proposals would also help to address physical and social obsolescence asset management challenges within the Council's existing property holdings and in the private sector

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- Appendix 1: Asset Class Matrix and expected returns
Appendix 2: Investment and Acquisition Strategy