# Investing in London

attracting investment for economic development;

identifying funding structures

LONDON COUNCILS

# introduction

Infrastructure developments have traditionally been largely financed by central government and coordinated by regional development agencies (the GLA Group in London). Now that the London Development Agency (LDA) is winding down and central government funding for regeneration has virtually ceased, London boroughs face increasing difficulty in securing funding to support economic development/regeneration, particularly for larger scale projects.

To generate the level of investment required, it is clear that significant private sector financing is going to play a greater role. This in turn will necessitate the introduction of new powers for boroughs to make maximum use of their income and assets to raise capital investment.

At the same time, boroughs must remain circumspect; decisions need to be taken in the context of the overall state of the economy and the ability to pay/generate sufficient profits from these new sources to pay for the infrastructure. Additionally, even though new potential funding options may become available/more attractive, boroughs will be wary of overextending their commitment and risk; using too many of the new sources of funding might have the effect of putting off development.

# 01 Business rate retention

The government is currently consulting on the *Local Government Resource Review*[1]. Central to the review are proposals that will enable local authorities to retain a significant proportion of the business rates generated within a local area. As well as making local authorities more financially independent, the intention is to provide councils with a strong incentive to promote economic development and business growth.

In the strictest sense, this is not a new revenue stream for local authorities. The formula grant from central government includes redistributed business rate income, although the amount within the grant bears no relation to what the authority actually collects.

Retaining the local business rates within the borough does offer a number of attractions:

- Business Rate Retention sits at the heart of the localisation agenda, empowering local authorities to promote local economic growth in the national interest
- Such a scheme could lead to a significant increase in innovation, providing local authorities with the incentive to consider ambitious regeneration proposals
- Local authorities reap additional rewards for exceeding projected growth in business rates revenue by even a small percentage, considerably exceeding the financial reward received within the existing system
- The greater control over business rate discounts associated with retention schemes allows to authorities to attract new business or to support businesses vital to local communities.

But, there are also concerns that arise from Business Rate Retention proposals:

- They do not offer the opportunity to extend the tax base against which finance is generated
- A Business Rate Retention scheme could be highly undesirable for authorities with a low business rate base and/or yield and may not be able to cover current expenditure.

The government recognises this risk, and the proposals within the consultation include a number of safeguards:

- Establishing a baseline to ensure a fair starting point, including building tariffs and top-ups into the scheme
- Introducing a levy that will recoup "disproportionate" benefit from local authorities to offset against both "negative volatility" and to allow for the possibility of redistributing the recouped benefit to authorities with lower growth
- Providing a "reset option" should resources become "too divergent from core service pressures within local authority areas".

The proposals also suggest that local authorities could opt to "pool" business rates to be redistributed across a number of authorities within an area. This is similar to options being put forward for discussion by London Councils[2]. The London Councils' model covers all 32 London boroughs, the City of London and the GLA (as it relates to its formula grant funded police and fire functions). It is a 'shared risk and reward' pooling arrangement, whereby London retains and benefits from its business rate growth. The focus of the work to date has been to explore how a system could distribute funding across London while also providing a direct reward for economic growth driven at the local level.

Business rates retention will provide an income to the local authority general fund and potentially lead to building capital reserves, which in turn could be redirected to finance the development of business infrastructure. More interestingly, the proposed scheme will allow the opportunity for local authorities to raise significant investment for economic development through Tax Increment Financing.

1 http://www.communities.gov.uk/publications/localgovernment/resourcereviewbusinessrates

2 Resourcing London, a model for retained business rates, London Councils, June 2011

# 02
# Tax Increment Financing

Arising from the introduction of a business rate retention scheme (but not wholly dependant upon it), Tax Increment Financing (TIF) is a financing tool designed to generate funding to be used for infrastructure improvements. It works on the basis that a project in a specific area will result in an overall increase in the tax base, which in turn increases the potential revenue available from taxation i.e. the "tax increment". If there is a shortfall in conventional funding for the project, credit may be raised on expected increased tax yield.

TIF is typically designed to support developments that rely on improved infrastructure but which are not able to finance them up front on their own[3].

TIF financing has been put in place for a number of projects in Scotland[4]. However, allowing local authorities in England to enter into these arrangements will require the introduction of primary legislation. Before this process can begin, concerns being raised by HM Treasury over risk and governance guarantees need to be addressed.

TIF schemes are currently being promoted widely, both within government and the business community. They are seen as an effective way of generating investment in difficult times, as well as being a win-win for all parties:

- Boroughs get redevelopment funding using existing revenue collection processes without having to generate additional income through business rate supplements or other local taxation
- Developers receive the investment required to build the infrastructure, which in turn makes the development site more attractive, potentially leading to future investment for further development
- Property owners within the district will see a rise in property values following the infrastructure development.

However, there are some disadvantages that arise from TIF schemes, outwith the additional financial risks:

- Somebody has to borrow up front to pay for the infrastructure provision and bear the risk of TIF revenues not materialising as planned. Current plans suggest that local authorities perform this role, but that may not reflect the true balance of rewards and risks. Developers in particular may be expected to take the leading role, although balancing the share of risks may need to be done through some special purpose vehicle.
- TIF schemes do not necessarily create jobs and additional economic prosperity; it may simply be that existing business is displaced from other sites. The additionality test is supposed to protect against this, but in practice it is difficult to determine the level of displacement there has been, let alone predict it in advance (i.e. Enterprise Zones)
- The TIF arrangements require financing and delivery capacity to be put in place. This will be complicated when being done for the first time. Boroughs may have undertaken major regeneration schemes, but TIF schemes require particular skill sets and procedures that may not be in place.
- If TIF schemes proliferate, businesses could play them off against each other to boost the "sweeteners" (tax breaks, support services etc) they can access. However, the Treasury is aware of this and it is not likely to be as problematic as in US[5].

3 For additional information on TIF and business rate retention schemes,
see http://www.corecities.com/sites/default/files/images/publications/unlocking%20city%20growth%20unterim%20findings%20on%20new%20funding%20mechanisms.pdf
4 For example see http://www.edinburgh.gov.uk/news/article/140/edinburgh_gets_go_ahead_for_84m_waterfront_funding
5 See http://www.lincolninst.edu/pubs/1078_Tax-Increment-Financing

As an aside, TIFs are currently being viewed in terms of business rate growth. However, the TIF concept is not limited solely to this income stream. Potentially other income streams that are uplifted through development, such as stamp duty, could be used to generate investment. It would require that these income streams are able to be attributed to a locality, and the uplift within the locality, before this would be practical. In practice this would require a significant change of heart by HM Treasury, which very much identifies stamp duty as its 'own' revenue stream.

Whatever options the government selects, primary legislation is required. It is unlikely that the legislative framework and new financial mechanisms will be in place before 2013.

This leaves a significant gap for the funding of new urgent projects and those projects that present an opportunity for further development. Consequently local authorities may have to reconsider/revisit other vehicles for generating investment from the private sector.

Although TIFs are expected to generate a considerable level of investment, as the consultation also points out, there are other options available. In selecting the tool for the job, local authorities will want to consider the size of the project, timescales and the balance of risk.

A key concern is timing of development, especially in regenerating areas already containing a business rate base. Many new infrastructure development schemes will be residential-led in the current climate. Should businesses relocate in anticipation of this development, there could be a loss of business rate income in early years that will need to be made up through new business activity sometime in the future.

# 03
# Local Asset Backed Vehicles

Local Asset Backed Vehicles (LABVs) can attract significant funding for regeneration, and are less speculative than TIF schemes. LABVs use local authority assets to lever in long term investment from the private sector. The authority enters into an equal partnership with private investors, putting property assets into the pot to be matched in cash from the private sector partner. The partnership then uses these joint assets as collateral to raise financing for regeneration projects. The key question is the balance of risk and reward between the two partners.

Typically, LABV partnerships run for a minimum of 10 years. This extended commitment is more attractive to the private sector providing a level of stability that allows for long term projects to be tackled.

LABVs have proven to be useful in regenerating contaminated or underdeveloped urban areas, generating an income from what can be unproductive assets:

- Financially, they are relatively risk free from the borough perspective; boroughs have the opportunity to draw in investment on long term projects without necessarily giving up assets
- They also offer an opportunity to lever in expertise and management experience in land development, assets management and project leadership from the private sector
- Keeping a portfolio of land sites rather than splitting them into smaller individual projects can result in a more efficient structure to deliver regeneration
- LABVs are also more attractive to funders, offering a return on investment to be recycled into future projects.

However, again there are also drawbacks;

- LABVs require that the borough is able to pull together a suitable portfolio attractive to investors. As the primary asset of local authorities is land, the viability of any scheme is directly related to local property/land values
- Assets included within the portfolio can no longer be counted upon as a capital resource for receipts or as collateral for other projects. Boroughs need to retain sufficient assets to cover their other financial risks
- There is a need for political sign-up to establishing a LABV. Due to the long term nature of LABVs they will outlast the elected administrative cycle
- While the financial risks are reduced, there are other risks. Control of the LABV is shared equally between the local authority (LA) and the private partner(s). Consequently, the LA cedes direct influence, which may be politically unpopular. LABV decisions that would previously have taken account of wider social interests can be overridden by purely commercial interests. Should strict governance procedures be written into the LABV arrangements to counteract this, the LABV project could become less commercially attractive.

For additional information see
Centre for Cities high level tool kit (at http://www.centreforcities.org/assets/files/pdfs/071126LABVPaperBHAM.pdf);

The journal of Urban Regeneration and Renewal (at http://www.lailondon.org/publications/LABVs%20Grace%20Ludiman%20Academic%20Paper.pdf)

## LABVs in London and the South

**Croydon Urban Regeneration Vehicle**
In November 2008, Croydon council and John Laing formed a partnership to deliver the first Local Asset Backed Vehicle (LABV). The 25-year joint venture uses an Urban Regeneration Vehicle into which Croydon council has invested land and John Laing equity.

The LABV has so far started two projects; a new public service delivery hub designed to provide accommodation for the council and other public service providers (due for completion in spring 2013), and the Waddon Leisure and Social Housing scheme comprising a new district leisure centre (swimming pool, sports hall, gym and community space) and 119 affordable homes provided by the Hyde Group, with private housing and an education centre following later on in the project (due for completion in summer 2012).

**Bournemouth Town Centre Vision**
Bournemouth Borough Council and Morgan Sindall Investments Limited (MSIL) have come together to create the Bournemouth Town Centre Vision Local Asset Backed Vehicle (LABV) scheme.

The 20-year project has a development value of between £350 million and £500 million and will deliver a range of residential and mixed-use development including leisure attractions, new housing, shops and offices across 17 sites in the town centre. MSIL will provide funding for the ongoing development of projects, matching Bournemouth's land value contribution.

In addition, MSIL is providing a full range of strategic development services to the LABV partnership including long-term master planning, detailed site development planning, property management and design and construction. Surpluses generated by the partnership will be reinvested in improvements to the town's infrastructure and public spaces.

**Barking Riverside Ltd**
Although not strictly an LABV, Barking Riverside Ltd may also be of interest to boroughs. Barking Riverside Ltd is a joint venture company between the Homes and Communities Agency and Bellway Homes plc, and will deliver a sustainable community of 10,800 homes for 25,000 people, built over 20 years on the largest brownfield site in London.

The outline planning permission for Barking Riverside was granted in August 2006 by Barking and Dagenham council. In June 2009, Barking Riverside Ltd was given the go-ahead by Thames Gateway and Barking and Dagenham for the first two stages of the development, consisting of 3,300 homes, new community infrastructure, the Western Quarter - including plans for a doctors' consultancy, a new day nursery and play school and a new Distict Centre, comprising new schools and other facilities, which will be shared between the schools and the community.

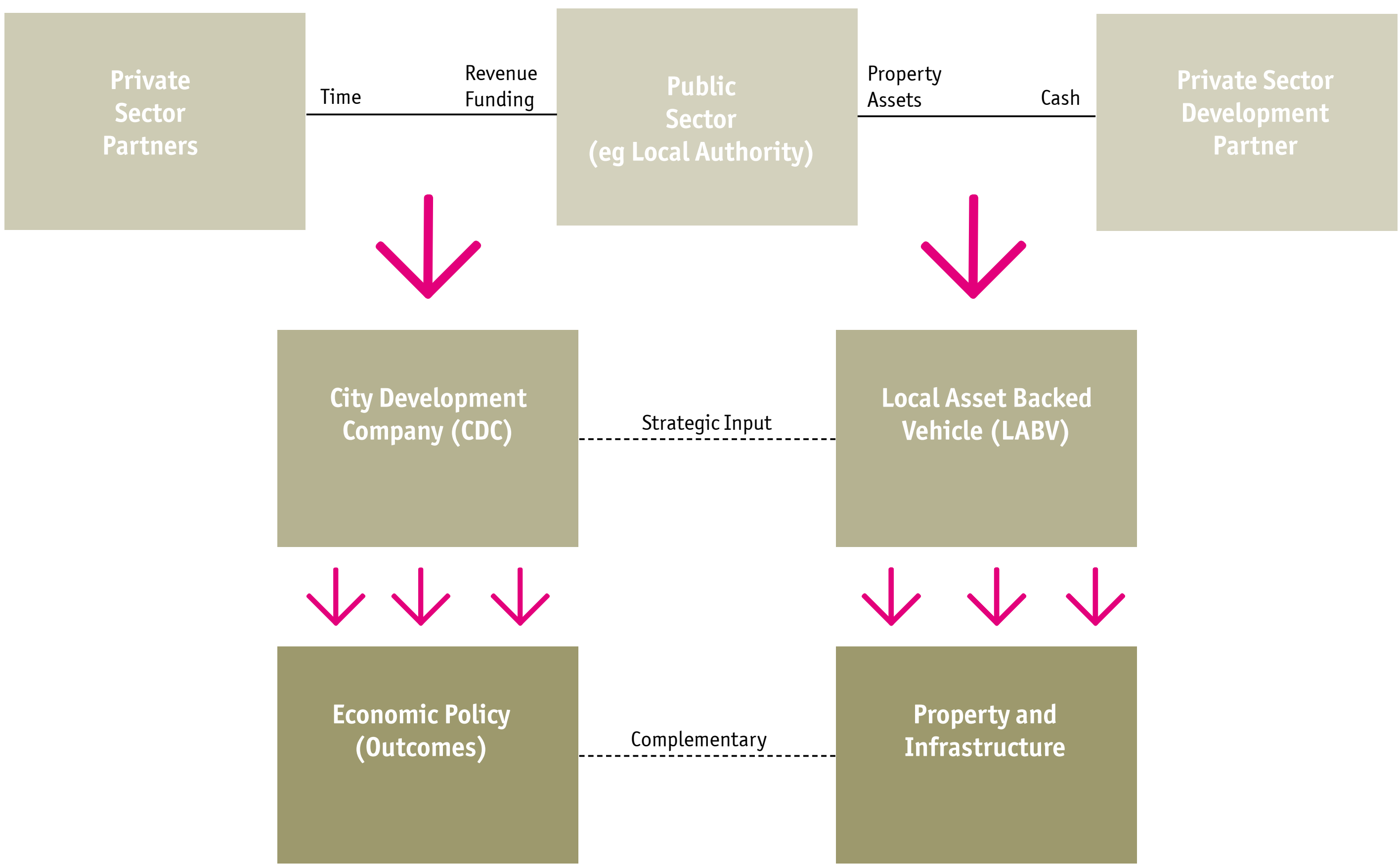
## City Development Companies/Economic Development Companies

Related to the LABV schemes, City Development Companies (CDCs) and/or Economic Development Companies (EDCs) are independent companies established by the local authorities to engage the private sector in the local regeneration strategy. Unlike LABVs, CDCs/EDCs have a wider remit; taking on a role for wider economic growth, such as marketing an area and stimulating investment in local businesses within the larger geographical locale (i.e. a city, borough or region).

However, they are not in themselves a source of investment. The company is able to use private sector expertise to draw in inward investment, but doesn't in itself provide access to significant funds. CDCs/EDCs are generally revenue funded by the relevant local or regional authorities and do not hold assets against which investment can be raised.

CDCs/EDCs do have the advantage of being able to work with many partners and will largely be led by the private sector, which in itself can add value. But again this may be considered risky (even more so than a LABV), as the authority effectively cedes control of the strategic direction of economic development.

The "ideal" scenario is for the CDC to work alongside one or more LABVs; providing strategic input and coordinating/directing the LABVs to meet the wider economic goals:



# 04 The European Investment Bank

A potential capital stream that appears to have been underutilised is the European Investment Bank (EIB). The EIB is in reality a policy bank, making investment decisions and capital advances in line with EU policy. Historically, the bank has had no focus on urban sector development; largely due to a presumption that urban development programmes are best delivered at a municipal/city-wide level. However, this has now changed and the EIB has extended the scope of its structured finance facility to include urban projects; in effect adopting an implicit plan for cities.

Many councils and regeneration bodies are unaware of the funding streams available from Europe. European funds, mainly in the form of loans, are now a much more attractive proposition for local authorities due to the rise in costs for other forms of lending. The EIB tend to lend money in large denominations (9-10 billion euros in 2010) therefore it could be the best option for to provide funding for larger urban projects.

The EIB's investment "offer" breaks down into three areas:

- Traditional lending - This includes project specific investment loans and/or global and framework loans; large advances that are then used to finance smaller projects, provided they share the same wider objective

- Financial engineering/Technical assistance - Providing support through financial instruments such as JESSICA and JEREMIE of more technical support to prepare bankable projects through programmes such as JASPERS[6] and ELENA

- Structured finance – Taking a less risk adverse approach, urban projects can now access the Structured Finance Facility, which supports projects with a risk profile that is higher than the standard normally accepted by the Bank.

With regard to the traditional lending route, the EIB products have not been an attractive option in the past because the Public Works Loan Board has been able to undercut them. However, with that board's lending rates increasing, the EIB now becomes more of an option. However, it should be noted that the EIB will only fund up to 50 per cent of the investment costs of a project.

This is even more true given the push to switch grant funding (previously available through the financial engineering and technical assistance route) to loans, which when repaid are to be re-invested in other schemes. This switch moves the profile of the assistance available away from funding individual schemes and towards much larger development programmes.

Further information can found here:

Traditional lending - http://www.eib.org/products/loans/individual/index.htm

Financial engineering - http://www.eib.org/products/events/jeremie-jessica-towards-successful-implementation.htm?lang=-en

Technical Assistance - http://www.eib.org/products/technical_assistance/index.htm

Structured finance - http://www.eib.org/products/loans/special/sff/

6 JASPERS - Joint Assistance to Support Projects in European Regions - provides assistance to increase the quantity and quality of projects. However, this programme is only available to the 12 Central and Eastern member states for developing large infrastructure projects.

## Current EU Programmes

**JEREMIE** - Joint European Resources for Micro to Medium Enterprises – is to finance SMEs by means of equity, loans or guarantees, through a revolving Holding Fund acting as an umbrella fund. Currently, all UK activity is directed towards the north of England and Wales. London is not precluded from accessing this support, but as yet London has not taken this up.

**JESSICA** - Joint European Support for Sustainable Investment in City Areas – this uses part of ERDF grant allocation as a source of loans, equity investment and guarantees that, alongside complementary resources from the EIB and others, will help reduce the risk perceptions of developments in regeneration areas currently considered too marginal for commercial lenders or investors. In London JESSICA has been used to develop the London Green Fund (LGF).

The fund is being used to establish two Urban Development Funds (UDFs) in London, one to invest in waste infrastructure (recycling and energy-from-waste) and the other to invest in energy efficiency adaptation and refurbishment of existing public or voluntary sector buildings, along with social housing. The remit for investments by the UDFs may be expanded in subsequent years, subject to approval by the EIB.

The Foresight Group won the bid to manage waste fund, now renamed the Foresight Environmental Fund. The current fund stands at £70 million, although Foresight plan to increase this to £200 million. The fund should start making investments by the end of this year and, although much of this will be assigned to pre-allocated projects, it should be possible for borough partnerships with fully developed projects to seek investment.

The preferred bidder to manage the Energy UDF is Amber Infrastructure Ltd. The Energy UDF will initially consist of £50 million from the London Green Fund, before additional investment from Amber Infrastructure. This fund will start making investments in 2012.

**ELENA** - European Local Energy Assistance - Provides a technical assistance facility for initiating large energy efficiency and renewable energy, including sharing of the cost for technical support that is necessary to prepare, implement and finance the investment programme (such as feasibility and market studies, structuring of programmes, business plans, energy audits, preparation for tendering procedures) ready for EIB funding.

The GLA has established a £6.4 million ELENA technical assistance fund. This funding will be used to establish two project management offices. The first will provide technical assistance to all sectors including London boroughs for Phase 3 (commercialisation) of the LDA's Decentralised Energy Masterplanning (DEMaP) programme. The second project management office will support the RE:FIT programme over the next three years and facilitate uptake by London public sector organisations. This work will involve recruiting building owners into the programme, helping public bodies to identify buildings for retrofit, and selecting ESCo suppliers

# 05 Local authority bonds

Having once gone out of fashion, the potential to use local authority bonds to attract investment is being reconsidered. Municipal bond finance previously formed a central part of the finance portfolio available to local authorities and was used to fund large capital projects. It fell out of favour in the 1980s as capital controls were imposed by government to limit municipal spending.

Local authorities have since regained the freedom to issue bonds; so there are no legal constraints on individual local authorities, but few have chosen to do so because they have had unlimited access to cheap, long-term borrowing available from central government through the Public Works Loan Board. In 2009-2010, London boroughs borrowed £412 million. However, as this lending adds directly to net public sector debt, it is questionable whether central government will continue to make this available to all borrowers without limit and at such favourable rates.

A case for national bonds as a means of securely accessing finance exists. The local authority would issue long-term bonds to finance new capital expenditure either financed from specific sources of revenue flowing from the infrastructure, such as increased council tax, parking fees etc, or as a general call on its finances. As ever there are pros and cons:

- To attract investors, the bond issue would need to achieve an external credit rating reflecting the creditworthiness of the authority
- The price of the bond will fluctuate like UK gilts according to the perceived risk and market conditions
- Advice from financial advisors is that experience shows that such issues would need to exceed £200 million to be viable. This may be too much for individual authorities, but bonds would be more attractive should LAs be able to work collaboratively.

Boroughs could also issue non-negotiable bonds. Municipal bonds (or "town hall bonds") are generally issued in small quantities to individuals as a convenient form of investment, offering a reasonable return, secured against the borough's main income stream. This type of bond is much cheaper to administer, but it may be difficult to generate the sums required for a major project.

Lessons can be drawn from Transport for London. It has raised funding by issuing bonds in recent times, having sold £600 million of AA-rated bonds in two tranches in 2004 and 2006. They are now seeking to raise further funding through an additional bond issue this year. The initial bonds were part of a wider programme of financing for its extensive capital programme, including Crossrail and upgrading the Underground network, while the latest bond issue will fund Crossrail 2. It should be noted however that he success of the initial bond issue was in no small part due to both the size of the authority and the clear sources of revenue from which to potentially meet bond finance payments.

Other large local authorities or groups of authorities could possibly create a capital structure that enables them to finance their long-term infrastructure needs with confidence, especially if central government reduces access to cheap credit. A key part of that will be to identify sources of funding that underpin new sources of finance.

- Background information on the initial Transport for London bond issue http://www.tfl.gov.uk/corporate/about-tfl/investorrelations/4443.aspx.

- News on the new bond http://www.london.gov.uk/media/press_releases_mayoral/prudent-crossrail-financing-save-london%E2%80%99s-businesses-%C2%A365-million

- Examples of US municipal bonds http://fixedincome.fidelity.com/fi/FICorpNotesDisplay?name=MUNIBD.

# 06
# Business Improvement Districts

Business Improvement Districts (BIDs) can play a role in generating local investment.  BIDs are initiatives supported both by local business and the local authority with the aim of improving the business environment of a specified geographical area. BIDs are principally funded through a mandatory levy on business occupiers, additional to the business rate.

BIDs have proved successful. Where they have been established there has been a positive response from the local business community reflected in the 100 per cent success rate of ballots for all London schemes.

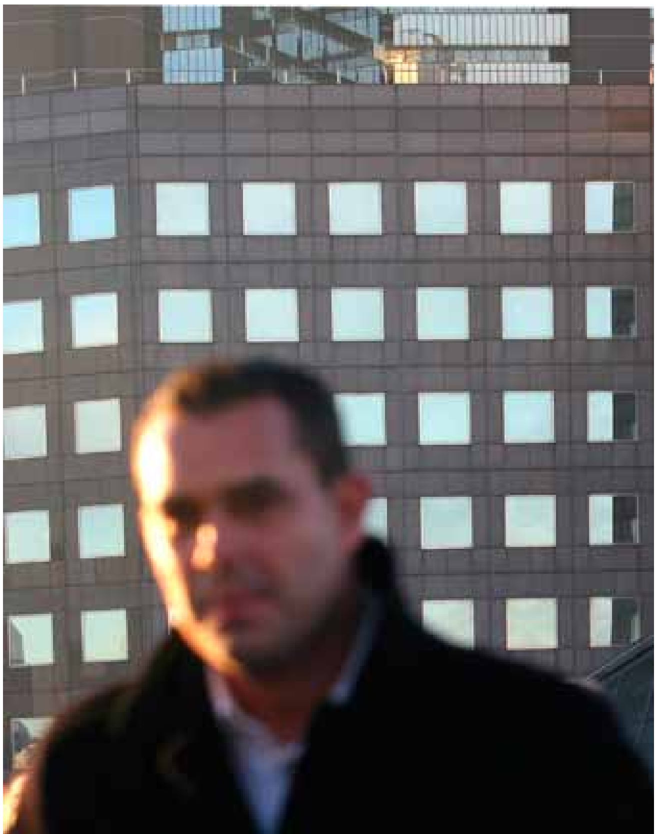
BIDs potentially have a number of advantages:

- They are self supporting, being financed through a business rate levy and local subscriptions
- They can significantly impact smaller localities, attracting new business into a high street, industrial estate or small development and increasing customer footfall
- They are able to focus on associated local activity, such as marketing, street cleaning and security, which in turn makes an area more attractive to new business
- They can also provide uplift to areas immediately adjacent to the BID area
- They provide an opportunity to access small capital funds and grant funds.

However, they are not a viable solution to generating significant investment in medium to large undertakings. BIDs focus on short term projects and are not suited to more long term investment such as infrastructure development. There are also additional challenges associated with their structure:

- BIDS have relatively high development and administration costs, particularly when a new BID is being established
- Because of other financial pressures arising, such as the Community Infrastructure Levy, some businesses currently participating in BIDs could be reluctant to extend/increase their contributions
- BIDs can lead to tensions between businesses and landowners; there are no mandatory financial contributions from landowners, and where they do not participate there is a perception that they are getting a "free ride".

There is potential for BIDs to develop into an effective tool for attracting larger levels of investment. Widening the geographical coverage of BIDs is one possible solution, but this could have the negative effect of causing the BID organisation to become unwieldy and lose focus. However, if a number of BIDs were to be established within a wider geographical area, by coordinating their activity and reducing submarket competition they could become more influential than the sum of their parts.



# 07
# Section 106 funding and CIL

Section 106 funding has been a tried and tested method used by local authorities to generate funding for relatively small infrastructure projects. However, the introduction of the Community Infrastructure Levy (CIL) has provided additional range to boroughs, although there are concerns that it may not be as malleable as current S106 options.

CIL[7] was introduced in the Planning Act 2008, and provides an opportunity for local authorities to secure funding for 'community infrastructure' (for example, transport, schools and hospitals) to support new development. The CIL is a charge which LAs are empowered (but not required) to levy on any net increase in floorspace on most new residential, commercial and industrial developments. CIL is levied on a tariff basis per square metre according to a schedule published by the local authority. Developers therefore know how much CIL any proposed development is likely to attract, which should help development take place. If a local authority introduces CIL, LAs can still negotiate S106 agreements with developers, but the scope of these become restricted to works that directly mitigate the impact of that development to make it viable (for example, building an access road) and to the provision of affordable housing.

In London, both the Mayor and the boroughs will be able to charge a CIL, and boroughs will be required to collect a CIL on behalf of the Mayor (who is seeking to raise £300 million for Crossrail). For boroughs, the government is planning to introduce a requirement to allocate a 'meaningful proportion' of the CIL revenue raised in each neighbourhood back to the neighbourhood to spend on the infrastructure that local people consider is most necessary. The government has not indicated what it considers to be 'meaningful', although some have suggested that 5 per cent of gross CIL revenues would be appropriate. Additionally, Mayoral Development Corporations (MDCs) will be able to charge CIL if they have been given full planning powers for their area.

A number of boroughs have indicated that they are planning to introduce CIL in the next year, but only Redbridge[8] has introduced a CIL (at a proposed flat rate of £70/m$^{2}$) and Wandsworth is in the preliminary stages of its CIL consultation.

In theory, CIL offers many advantages to boroughs as it should be easier to secure contributions from new developments. However, there are still some uncertainties about exactly how CIL will operate, particularly with regard to the requirement to allocate CIL to neighbourhoods. Also, the fact that CIL is only charged on net additional development means that, where development is on brownfield sites, (often the case in London) CIL would only be paid on any floor space additional to that which was on the site originally, meaning some developments could pay less under CIL than under a borough's existing S106 arrangements.

CIL and S106 agreements are not mutually exclusive, but the government is intending to introduce legislation that requires a LA to use CIL where possible, with S106 agreements used only if a CIL is not appropriate. Once a CIL is introduced, the range of options as to how S106 funding can be spent is considerably narrowed. This has a potential knock on effect on training and employment programme funding. S106 funding has previously been used for employment and training initiatives, but it is not clear whether "community infrastructure" includes a skilled workforce; bringing employment training programmes within the remit of CIL.

Although it will not be mandatory for boroughs to introduce CIL, the government's restrictions on the use of S106 agreements may effectively force boroughs to introduce CIL if they want to continue raising contributions from developers for anything other than affordable housing.

7 For more information see CLG website www.communities.gov.uk

8 More information see Redbridge website www.redbridge.gov.uk

# 08 The next steps

## The role of London Councils

Despite the challenging economic outlook, there are a range of potential options available to economic development managers looking to kick-start regeneration/development schemes. However, many of these options would appear to require moving to much more ambitious, and consequently potentially much riskier, schemes. The Royal Bank of Canada's investment arm suggests that to interest institutional investors, a minimum capital value of £100 million is required.

This could be a cause for concern for boroughs; do they have the capacity to take on bigger projects? There will also be a need for a new set of skills in order to work with a sector of the private investment market with which boroughs are not familiar.

To maximise the opportunities available in exploiting any potential new investment there may be mileage in scaling up current plans in partnership with neighbouring boroughs or with those boroughs across London with similar economic profiles and issues.
London Councils will look to support boroughs in their efforts to secure investment.

Potentially this support could take a number of forms:

- the sharing of best practice
- brokerage between boroughs on potential funding/investment bids and in discussions with the GLA
- informing London Councils' lobbying position on Business Rate Retention and TIF, ensuring that boroughs are able to raise capital for development and regeneration
- exploring options to increase borough access to EU funding streams
- establishing an interface with commercial finance partners wishing to partner with LAs and other infrastructure providers to explore opportunities, including pilot programmes
- linking in with commercial and public financing bodies interested in lending/investing in infrastructure and regeneration in London.

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