

Investment Sub Committee Friday, 23 October 2020

Summary investment and borrowing position

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Publication status:	Open
Wards affected:	All
Recommendations:	That the Sub Committee notes: A. the Council's Investment and Borrowing position at 30 th September 2020 as set out on Appendix 'A' & 'B' B. the individual factsheets for the Long Term Investments; and C. the current Statement of Investment Beliefs
Appendices:	Appendix 'A' – Summary of Investments and Borrowing Appendix 'B' – Market Value of Long Term Investments Appendix 'C' – Funds latest Factsheets Appendix 'D' – Statement of Investment Beliefs
Background papers defined by the Local Government (Access to Information) Act 1985	None

1. Executive Summary

- 1.1 This report updates the Investment Sub Committee on the Council's investment and borrowing position at 30th September 2020.

2. Background

- 2.1 The Treasury Management Strategy 2020/21 was reported to the Finance Committee on 24th January 2020. This covered the borrowing & investment plans for the Council. As detailed in this Strategy, part of the treasury management function is to ensure that the cashflow is adequately planned and surpluses are invested while allowing for cash to be available when needed. Additionally, the treasury management function ensures that the Council can meet its capital spending plans. This requires the management of longer term cash which will involve the use of long or short- term loans, or cash flow surpluses.

2.2 This report also fulfils the requirement of a mid-year review of the Council's Treasury Management position as at 30th September 2020.

3. Summary Investment and Borrowing Position

3.1 A summary of the Council's investment and borrowing at 30th September 2020 is set out in Appendix A.

- Total long term financial investments (over 12 months) amount to £12.9 million. This is within the Council's Treasury Management Strategy Statement proposed limit of £16 million.
- Short term investments (less than 12 months) amount to £14.8 million.
- The Council also has £22.0 million in non-financial investments which is made up of capital loans to specific service providers and limited companies.
- The total amount of Public Works Loan Board (PWLB) loans at 30th September 2020 is £104.6 million, This is made up of £43.4 million General Fund loans and £61.2 million Housing Revenue Account loans.

4. Climate Change implications

4.1 There are no specific climate change implications arising from this report. It is however recognised that some Council investments may be in companies that are considered to have a detrimental impact on the climate, for example oil companies. The Climate Change Action Plan that is currently being draw up will have an action included to consider our current investment approach and determine if changes can or should be made.

5. Equality implications

5.1 The proposals within this report do not have the potential to disadvantage or discriminate against different groups with protected characteristics in the community.

6. Comments of the Chief Finance Officer

6.1 The current forecast is that the investment income budget is likely not to be achieved, however this is partially offset by the underspend in the costs of borrowing. The net effect of this for the General Fund is an adverse variance of £450k. This is mainly due to the decision not to invest in Keats and change in the base rate.

6.2 With all high yielding investments there are increased risks. The Council manages these risks by continued diversification of its investments.

7. Comments of the Head of Legal Services

- 7.1 The Council has the legal power to invest money for the prudent management of its financial affairs under section 12 of the Local Government Act 2003. This does not place any restrictions on the types of investment that the Council is permitted to make. However, the Council is required by section 15 of the Act to have regard to guidance issued by the Secretary of State and by CIPFA when exercising its investment powers. Both sets of guidance recommend that the Council approves an investment strategy each year, in which the management of financial risks is given a higher priority than the pursuit of higher rates of return. At any point within the year, the Council may review its strategy. It is therefore open to the Council to review the appropriate balance between risk and return.

8. Conclusion

- 8.1 This report is to provide an update of the Council's investment and borrowing position at 30th September 2020. The recommendations are for the Investment Sub Committee to note this position.

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