

SUMMARY INVESTMENT AND BORROWING POSITION

Investment Sub Committee – 5 November 2021

Report of: Anna D’Alessandro – Chief Finance Office (Section 151)
Purpose: For information
Publication status: Unrestricted
Wards affected: All

Executive summary:

This report updates the Sub Committee on the Council’s investment and borrowing position as at 30th September 2021.

This report supports the Council’s priority of: Building a better Council/
Supporting economic recovery in Tandridge.

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Recommendation to Committee:

That the Council’s Investment and Borrowing position at 30th September 2021, as set out on Appendix ‘A’ & ‘B’, be noted.

Reason for recommendation:

This report will be reviewed by the Sub Committee, which provides an update on the Council’s investment and borrowing position.

1 Introduction and background

- 1.1 The Capital, Investment and Treasury Management Strategy 2021/22 was reported to the Strategy and Resources Committee on 2nd February 2021. This covered the borrowing and 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. Summary Investment and Borrowing Position

- 2.1 A summary of the Council's investment and borrowing at 30th September 2021 is set out in Appendix A.
- Total long term financial investments (over 12 months) amount to £12.8 million.
 - Short term investments (less than 12 months) amount to £16.3 million.
 - The Council also has £21.6 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 2021 is £104.6 million. This is made up of £43.4 million General Fund loans and £61.2 million Housing Revenue Account loans.
- 2.2 Appendix A shows the investments as short term and long term. The categorisation of this differs from how they are represented in the Statement of Accounts. A review of the differences in categorisation will be done as part of the closing process for 2021/22.

3. Funding Circle/Fund Manager Selection

- 3.1 It was decided at 24th September 2021 Investment Sub Committee that a further report will be submitted in respect of the work done by our treasury advisers, Link Group, and therefore does not form part of this summary investment and borrowing position.

Key implications

4. Comments of the Chief Finance Officer

- 4.1 The current forecast is that the investment income will be c£42,000 more than budgeted. This is mainly due to a one-off receipt from Funding Circle in June for sale of non performing loans previously charged as bad debt against net earnings.
- 4.2 With all high yielding investments there are increased risks. The Council manages these risks by continued diversification of its investments.

5. Comments of the Head of Legal Services

- 5.1 The Council's Treasury Management Strategy Statement follows the latest codes of practice and the MHCLG and CIPFA guidance.
- 5.2 The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

6. Equality

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

7. Climate change

- 7.1 There are no significant environmental/sustainability implications associated with the 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.

Appendices

Appendix 'A' – Summary of Investments and Borrowing

Appendix 'B' – Market Value of Long Term Investments

Background papers

None