

Summary Investment and Borrowing Position at 31 December 2021

Investment Sub Committee Friday, 21 January 2022

Report of: Chief Finance Officer (Section 151)

Purpose: For information

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report updates the Investment Sub Committee on the Council's investment and borrowing position at 31st December 2021.

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

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Recommendation to the Sub-Committee:

That the Sub Committee notes the Council's Investment and Borrowing position at 31st December 2021 as set out on Appendix 'A' & 'B'.

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 31st December 2021 is set out in Appendix A.
- Total long term financial investments (over 12 months) amount to £12.9 million.
 - Short term investments (less than 12 months) amount to £20.0 million.
 - The Council also has £21.4 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 31st December 2021 £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 A Fund Manager report is being presented to this committee as agreed at the Investment Sub Committee 24th September 2021 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£38,000 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 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.
- 5.3 In order to ensure that the Council's financial risk is mitigated as far as possible an experienced and qualified FCA regulated fund manager should be procured at the earliest.

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.

Appendices

Appendix 'A' – Summary of Investments and Borrowing

Appendix 'B' – Market Value of Long Term Investments

Background papers

None

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