

COUNCIL – 10 SEPTEMBER 2019

INVESTMENT STRATEGY

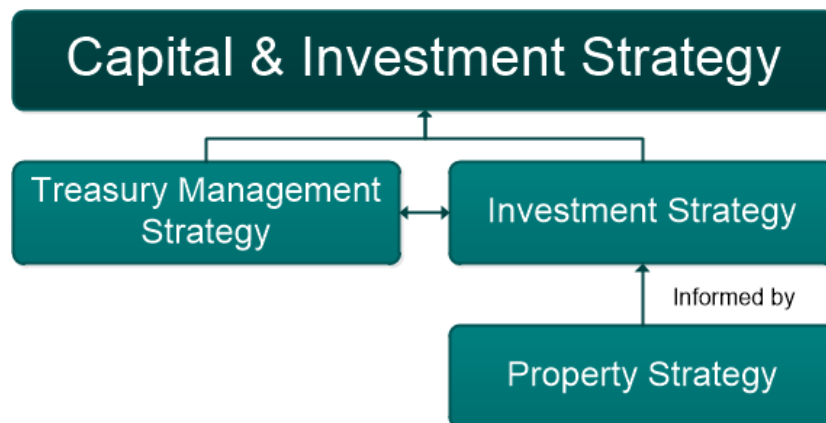
Report by Director for Property, Investment and Facilities Management &
Director of Finance

RECOMMENDATION

Council is **RECOMMENDED** to approve the Investment Strategy document. The text from this document, will become a sub-section of the overall Capital & Investment Strategy.

Executive Summary

1. In line with revised statutory guidance (April 2018) the Council is formally required to have a Capital & Investment Strategy in place. This was approved by Council in Feb 2019. This overarching strategy includes the Treasury Management Strategy and makes reference to the development of an Investment Strategy, which will form a sub-section of that strategy, and requires Council approval. The relationship between these Strategies is shown below:



INTRODUCTION

2. The strategy sets out a new investment framework, under which the Council can undertake investments against the following broad categories:
 - investments in property funds, bond funds, equities and multi asset classes;
 - maximising the use of and value of our own assets (land & buildings);
 - acquisitions & investments, which derive a service outcome or Council priority, and which generate a commercial return;
 - investments for policy, social, community benefits.

3. Continuing reductions in Central Government funding, at a time when Councils are facing increasing demand for services and an aging population, means that alternative sources of income and optimisation of council assets and resources need to be identified. The investment strategy is intended to enhance the financial resilience of the Council by investing to, secure new sources of income, increase income from existing assets, and/or increase capital growth.

Key Issues

4. In relation to Category C investments, the strategy and appendices set out a new process to provide advisory oversight and input regarding any commercial property and/or land acquisitions.
5. Please note that the appendices that support the strategy (scoring Matrices and Proformas) may be updated and supplemented in year without further approval. The latest versions of these documents will be re-submitted each year along with the latest version of Capital & Investment Strategy for approval.

Financial Implications

6. All investment activity will be grouped and reported as a single portfolio and reflected in the Council's Capital & Investment Strategy, which requires agreement via the annual budget setting process. As part of this, a new portfolio will be created in the Capital Programme to cover dedicated funding for capital investments.

Equalities Implications

7. There are no obvious adverse impacts of this Strategy on those with a protected characteristic. Where this Strategy is used to inform specific investment decisions those individual decisions will require consideration of their equality impacts when they are considered by Members and officers.

Risk Management

8. The Ministry for Housing, Communities and Local Government (MHCLG) has policy responsibility for the Prudential System. This covers the responsibility for ensuring that the statutory guidance drives local authorities to make borrowing and investment decisions in a way that is commensurate with their statutory responsibilities and the best value duty. It also includes overall responsibility for the Local Government finance system, including understanding the risks to the system from changes in the types of borrowing and investment activities that local authorities are undertaking.
9. The Prudential Code requires that where authorities have commercial investments, that local authorities should disclose the contribution they make

towards the service delivery objectives and/or place making role of the authority. In addition, the types of investment, due diligence processes, the proportionality of those investments and the local authority's risk appetite are also required to be set out.

Key Dates

10. The Investment Strategy was discussed at Performance Scrutiny Committee on 4th July and Cabinet on 16th July. Relevant feedback from those sessions has been incorporated into the Strategy and this covering report.

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Background papers: N/A

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