

## **PERFORMANCE SCRUTINY COMMITTEE – 4 July 2019**

### **Draft Investment Strategy**

**Report by Director for Property, Investment and Facilities Management**

#### **RECOMMENDATION**

- 1. The Committee is asked to provide feedback on the draft strategy and is RECOMMENDED to endorse the draft strategy ahead of final consideration by Council in September 2019.**

#### **Introduction**

2. In line with revised statutory guidance (April 2018) the Council is formally required to have an Investment Strategy in place. The draft Investment Strategy (attached), if approved, would update and replace the current strategy.
3. The draft 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.
4. 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**

5. In relation to Category C investments, the draft strategy and appendices set out a new process to provide advisory oversight and input regarding any commercial property acquisitions.

## 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 investments.

## Risk Management

7. 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.
8. 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

9. The table below sets out the upcoming dates for where the draft Investment Strategy will go following this committee:

Political Group Leaders	Cabinet	Full Council
11 <sup>th</sup> July	16 <sup>th</sup> July	10 <sup>th</sup> Sept

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Background papers: N/A

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