

BRECKLAND DISTRICT COUNCIL

Report of: Cllr Philip Cowen, Executive Member Finance

To: Cabinet, 17 October 2017

(Author: Christine Marshall, Executive Director Commercialisation)

Subject: Investment Strategy

Purpose: To provide information to Members so that they may approve an Investment Strategy and the associated re-allocation of funding to ensure alignment to that strategy.

Recommendation(s):

- 1) That the Investment Strategy is approved.
- 2) Recommend to Full Council that balances of £2,500,000 are made available for temporary investments of up to 3 years maximum.
- 3) Recommend to Full Council that £17,012 is re-allocated from the Community Projects reserve to the investment fund for permanent use.
- 4) Recommend to Full Council that £250,000 is left in the Organisational Development Reserve for future projects and the remaining balance is re-allocated to the investment fund for permanent use.
- 5) Members note that the new balance on the investment fund will be £4,505k following these changes (subject to final Organisational Development Reserve balance)

1.0 BACKGROUND

- 1.1 The purpose of this investment strategy is to set the context within which the Council will invest its reserves, balances and funds. By creating this as an adopted strategy the Council sets a clear direction and focus for its investment activity.
- 1.2 Investment provides a wide opportunity and is not just related to Treasury Management, it includes investment in: services, transformation projects, ICT, operational assets and investment assets to name a few.
- 1.3 The Council has in the past had access to a significant amount of capital and revenue balances to invest, partially due to stock transfer and capital receipts and it has made some significant investment decisions. These have resulted in it now having achieved a substantial holding of investment assets which generate a substantial ongoing income for the General Fund. However, available balances have now reduced (particularly capital funding) meaning that prioritisation of future investment decisions are becoming increasingly important.
- 1.4 The Council holds balances within reserves earmarked for specific projects or earmarked as protection against future events. Following a recent review of the Council's reserves, it has been identified that some balances could be re-allocated to support the investment strategy (such as temporary investments).

- 1.5 Available reserve balances currently held as protection against potential future events include the Revenues and Benefits Reserve with a balance of £1,760,958 and the Council's General Fund which has a balance of £2,851,185. The Community Projects reserve holds balances to provide grants to towns and parishes for neighbourhood planning, however these take time to deliver, so part of the balance can be temporarily used to cash flow other activities, but this does not change the amount available to towns and parishes.

Reserve Description	Current Balance	Available Balance
General Fund	£2,851,185	£351,185
Community Projects	£570,663	£383,651
Revenues & Benefits	£1,760,958	£1,760,958
TOTAL	£5,182,806	£2,495,794

In light of the level of these balances, it is recommended that the General Fund balance should remain at £2,500,000, leaving £2,495,794 available for temporary investment (such as loans to council owned companies to generate a market rate of interest).

- 1.6 Other reserve balances which were previously earmarked for projects or earmarked for future uses have also been identified. Cabinet previously approved (via a recommendation to Full Council) to re-allocate the remaining match funding reserve balance of circa £712k to the Investment fund. In addition to this the Organisational Developments Reserve holds £882,315 of un-allocated funds and the Community Reserve holds £17,012 un-allocated. It is recommended that a balance of £250,000 is left in the Organisational Developments Reserve for future projects and the remaining balances are re-allocated to the Investment fund.
- 1.7 There is currently £1,406k held in the growth fund and £3,144k held in the investment fund. If this report is approved an additional (circa) £649k will be added to the investment fund along with the £712k previously re-allocated from the Match Funding Reserve, giving a balance of £4,505k available in the current year to spend on purchase/build of assets.

2.0 **OPTIONS**

- 2.1 That the investment strategy is approved, £2,495,000 is made available for temporary investments of up to 3 years, £17,012 is re-allocated from the Community Projects reserve to the investment fund and £250,000 is left in the Organisational Development Reserve for future projects and the remaining balance is re-allocated to the investment fund for permanent use.
- 2.2 That the investment strategy is not approved and the funding is not allocated.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 To maximise the Council's return on its investments and to provide a clear direction and focus for investment activity.

4.0 **EXPECTED BENEFITS**

- 4.1 By creating the Investment Strategy as an adopted strategy the Council sets a clear direction and focus for its investment activity.
- 4.2 Re-allocation of balances and reserves enables the council to maximise on its returns from its investments.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Corporate Priorities

5.1.1 Re-allocation of balances will support budget to deliver Council priorities over the medium term.

5.2 Risk Management

5.2.1 The investment strategy highlights some of the risks/issues which are addressed through

5.3 Stakeholders / Consultation / Timescales

5.3.1 Strategic Property and Financial Services have been consulted.

5.4 Transformation Programme

5.4.1 The current investment fund and growth fund balances are contributing to the Moving Forward transformation target. Any additional return from the balance re-allocation in this report will deliver additional benefits and income to the Council.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A.

7.0 ACRONYMS

7.1 These are included in the body of the report.

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

Lead Contact Officer

Name and Post: Christine Marshall, Executive Director Commercialisation
Telephone Number: 01362 656324
Email: christine.marshall@breckland-sholland.gov.uk

Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendices attached to this report:

Appendix A Investment Strategy 2017-18 to 2019-20