

AUDIT AND ACCOUNTS COMMITTEE

3 FEBRUARY 2021

INVESTMENT STRATEGY

1.0 Purpose of Report

1.1 This investment strategy is for 2021/22, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018.

2.0 Background Information

2.1 The definition of an investment covers all of the financial assets of the Council as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

A loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

2.2 Statutory Requirements:

- The MHCLG Investment Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.
- For each financial year, a local authority should prepare at least one Investment Strategy (“the Strategy”). The Strategy should contain the disclosures and reporting requirements specified in this guidance. The Strategy should be approved by the full council.

3.0 Summary of Limits

3.1 The below table summarises the proposed limits within the Investment Strategy 2021/22 for the non-treasury investments, each category has further details within the Appendix;

Category of borrower	31.3.2020 actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
	£m	£m	£m	£m
Service Investments: Loans	0.876	0.127	0.749	17.000
Service Investments: Shares	4.000	-0.167	3.833	5.000
Commercial Investments: Property	0	0	0	0

4.0 Proposals

4.1 That the Investment Strategy 2021/22 as attached at Appendix A to this report is approved.

5.0 Financial Implications (FIN20-21/3987)

5.1 All financial implication are covered within the body this this report and the appendix to this report.

6.0 RECOMMENDATION(S)

That Committee approves each of the following key elements and recommends these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

6.1 The Investment Strategy 2021/22, contained within Appendix A.

6.2 The Investment Prudential Indicators and Limits, contained within Appendix A.

Reason for Recommendation(s)

Not to approve these policies would contravene the requirements of both legislation and good practice. In addition, the Mazars External Auditors may pass comment in their Report to those charged with governance (ISA260).

Background Papers

MHCLG Investment Guidance 3rd Edition

For further information please contact Andrew Snape on Ext 5523.

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