
Revision of the 2019/20 Investment and Borrowing Strategy

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| Committee considering report: | Council on 9 January 2020 |
| Portfolio Member: | Councillor Ross Mackinnon |
| Date Portfolio Member agreed report: | 5 December 2019 |
| Report Author: | Shannon Coleman-Slaughter |
| Forward Plan Ref: | C3856 |

1. Purpose of the Report

- 1.1 The 2019/20 Investment and Borrowing Strategy was approved by Full Council at the meeting held on 5 March 2019 meeting its legal obligation under the Local Government Act 2003. This report is an amendment of the agreed strategy to reflect:
- (1) Outline compliance against the Prudential Indicators
 - (2) An expansion in the sources of borrowing available to the Council
 - (3) Allow for provision of loan financing to local enterprises, charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. In particular the joint venture in the form of Limited Liability Partnership (LLP) with Sovereign Westing House Developments Ltd, a subsidiary of Sovereign Housing Association (SHA).
- 1.2 The Council has approved a revised Property Investment Strategy in July 2018. The criteria for investment in property are different from those for cash based investments. However the strategy for borrowing set out in this document also applies to borrowing to fund investment in property.

2. Recommendation

- 2.1 It is recommended that the Council agree the proposed amendments to the 2019/20 Investment and Borrowing Strategy.

3. Implications

- 3.1 **Financial:** The proposed revisions to the strategy will enable the Council to access a broader spectrum of financing options and enable the Council to undertake a wider remit of investments.
Investment Income and Debt Charges form part of the Council's Medium Term Financial Strategy (MTFS).
- 3.2 **Policy:** The Investment and Borrowing Strategy is closely related to the Capital Strategy, as it governs the criteria for

borrowing to fund capital spending.

This strategy is also closely linked to the Council's Property Investment Strategy. The Property Investment Strategy which operates different criteria for investment from those proposed in this report, which relate only to cash investments. However the borrowing strategy set out in this report also applies to borrowing which may be undertaken to fund investment in property.

- 3.3 **Personnel:** N/A
- 3.4 **Legal:** The Investment and Borrowing Strategy is in accordance with the Local Government Act 2003 and CIPFA's Prudential Code and Code of Practice for Treasury Management
- 3.5 **Risk Management:** The policy is intended to ensure that all borrowing and investment is undertaken with a view to minimising risk and exposure to financial loss.
- 3.6 **Property:** N/A
- 3.7 **Other:** N/A

4. Other options considered

- 4.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The current strategy represents an appropriate balance between risk management and cost effectiveness. However, it is proposed for future financial years that special treasury management advice and support is commissioned from external specialists to ensure the Council remains compliant with the latest legislative amendments, maximises opportunities for generation of yields from investments whilst maintaining a prudent strategy that operates within the Council's risk appetite.

Executive Summary

5. Introduction / Background

- 5.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial 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.
- 5.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

6. Proposals

- 6.1 There are three proposals relating to this strategy:
- (1) Adoption of the revised Investment and Borrowing Strategy for 2019/20.
 - (2) It is proposed that the table of credit ratings and limits agreed by Full Council is modified to include allowance of investing/providing loan finance to registered charities, Council owned companies and joint ventures for a maximum of £5 million per individual investment.
 - (3) For future financial years that special treasury management advice and support is commissioned from external specialists to ensure the Council remains compliant with the latest legislative amendments, maximises opportunities for generation of yields from investments whilst maintaining a prudent strategy that operates within the Council's risk appetite.

7. Conclusion

- 7.1 The Council has adopted and demonstrated compliance with the relevant prudential indicators. The Council has a comprehensive Investment and Borrowing Strategy compliant with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code), adopted by Council in compliance with the Local Government Act 2003. Implementation of the strategy is overseen by the cross party Treasury Management Group. Treasury performance reporting to Executive is undertaken annually at outturn.

8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment
- 8.2 Appendix B – Equalities Impact Assessment
- 8.3 Appendix C – Supporting Information

8.4 Appendix D – Investments and Borrowings held at 31 March 2019

8.5 Appendix E – Treasury Management Indicators

Appendix A

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

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|--------------------------|-----------------------------------|
| Directorate: | Resources |
| Service: | Finance and Property |
| Team: | Accountancy |
| Lead Officer: | Andy Walker |
| Title of Project/System: | Investment and Borrowing Strategy |
| Date of Assessment: | 1.11.19 |

Do you need to do a Data Protection Impact Assessment (DPIA)?

| | Yes | No |
|---|--------------------------|----|
| <p>Will you be processing SENSITIVE or “special category” personal data?</p> <p>Note – sensitive personal data is described as “data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation”</p> | <input type="checkbox"/> | X |
| <p>Will you be processing data on a large scale?</p> <p>Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both</p> | <input type="checkbox"/> | X |
| <p>Will your project or system have a “social media” dimension?</p> <p>Note – will it have an interactive element which allows users to communicate directly with one another?</p> | <input type="checkbox"/> | X |
| <p>Will any decisions be automated?</p> <p>Note – does your system or process involve circumstances where an individual’s input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?</p> | <input type="checkbox"/> | X |
| <p>Will your project/system involve CCTV or monitoring of an area accessible to the public?</p> | <input type="checkbox"/> | X |
| <p>Will you be using the data you collect to match or cross-reference against another existing set of data?</p> | <input type="checkbox"/> | X |
| <p>Will you be using any novel, or technologically advanced systems or processes?</p> <p>Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised</p> | <input type="checkbox"/> | X |

If you answer “Yes” to any of the above, you will probably need to complete [Data Protection Impact Assessment - Stage Two](#). If you are unsure, please consult with the Information Management Officer before proceeding.

Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

| | |
|---|--|
| What is the proposed decision that you are asking the Executive to make: | Approve revisions to the 2019/20 Investment and Borrowing Strategy |
| Summary of relevant legislation: | Local Government Act 2003 |
| Does the proposed decision conflict with any of the Council's key strategy priorities? | No |
| Name of assessor: | Shannon Coleman-Slaughter |
| Date of assessment: | 1.11.19 |

| Is this a: | | Is this: | |
|------------|-----|--------------------------------------|-----|
| Policy | No | New or proposed | No |
| Strategy | Yes | Already exists and is being reviewed | Yes |
| Function | No | Is changing | No |
| Service | No | | |

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| 1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it? | |
| Aims: | Approve revisions to the 2019/20 Investment and Borrowing Strategy |
| Objectives: | Approve revisions to the 2019/20 Investment and Borrowing Strategy |
| Outcomes: | Approval of revisions |
| Benefits: | Access to a wider remit of borrowing and investment options. |

| 2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. | | |
|--|---------------------------|-----------------------------|
| (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.) | | |
| Group Affected | What might be the effect? | Information to support this |
| Age | N/a | N/a |
| Disability | | |
| Gender | | |

| | | |
|---|--|--|
| Reassignment | | |
| Marriage and Civil Partnership | | |
| Pregnancy and Maternity | | |
| Race | | |
| Religion or Belief | | |
| Sex | | |
| Sexual Orientation | | |
| Further Comments relating to the item: | | |
| N/a | | |

| | |
|--|-----------|
| 3 Result | |
| Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality? | No |
| Please provide an explanation for your answer: | |
| Will the proposed decision have an adverse impact upon the lives of people, including employees and service users? | No |
| Please provide an explanation for your answer: | |

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

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| 4 Identify next steps as appropriate: | |
| Stage Two required | N/a |
| Owner of Stage Two assessment: | |
| Timescale for Stage Two assessment: | |

Name: Shannon Coleman-Slaughter

Date: 1.11.19

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.