



Cabinet
11 April 2016

Report from the Chief Finance Officer

For Action

Wards affected:
ALL

Investment Strategy

1. Summary

- 1.1. Council set the revenue budget for 2016/17 and the medium-term capital programme at its meeting of 22 February 2016. As part of that report it was noted that:

“It is intended to bring [an investment strategy] for approval in the early part of the 2016/17 financial year.”

- 1.2. A proposed investment strategy is attached as appendix one to this report. It is intended to help deliver the borough plan and Brent 2020 objectives by investing in appropriate assets to generate financial returns, cut costs and deliver social value.
- 1.3. Delivering the investment strategy will require the council to adopt a new approach to capital financing and risk management. Significant levels of borrowing will be required, and the strategy sets out how the risks in this will be managed in order to deliver the objectives.

2. Recommendations

- 2.1. To agree the investment strategy as attached as appendix one.
- 2.2. To note that individual investment decisions will be subject to specific approval by Cabinet.
- 2.3. To agree that the management of the council’s reserves will be centralised in order to facilitate the delivery of the investment strategy.
- 2.4. To agree, as part of 2.3, that a new £12m investment reserve will be established through re-designation of existing reserves, in order to deliver the investment strategy.
- 2.5. To delegate to the Chief Finance Officer authority to amend the technical criteria for evaluating investments as necessary.

3. Detail

- 3.1. The investment strategy is attached at appendix one.
- 3.2. It has been prepared through a process of detailed research and review of the capital programme. In addition, a Members' development session was held on 15 March 2016, and the feedback from that taken into account in finalising the strategy. In particular, the session showed that there was support for the broad principle of adopting a more ambitious and proactive approach to investment. This would be subject to appropriate Member oversight arrangements being in place, in addition to Cabinet approvals, and proposals on this will be developed throughout the implementation of the strategy.
- 3.3. In addition the session stressed the importance of ensuring that the strategy was aligned with proposals around the community infrastructure levy and its use.

4. Equalities Implications

- 4.1. There are no specific equalities implications in adopting the investment strategy. Individual investment decisions will be subject to equalities screening as appropriate.

5. Financial Implications

- 5.1. There are no specific financial implications in agreeing the investment strategy. Clearly, there are significant financial opportunities and risks to be managed in delivering the strategy, which will be subject to individual Cabinet decisions as appropriate.
- 5.2. The total resources needed to deliver the strategy, and the savings and other benefits flowing from it cannot be quantified at this stage. However, Cabinet should note that significant financing will be required to achieve the objectives set out, mostly from CIL, s106 agreements and debt financing, which will be augmented by the specific £12m reserve.

6. Legal Implications

- 6.1. There are no specific legal implications in agreeing the investment strategy, and the council has the general powers, in principle, to enter into additional borrowing that may be required to deliver the strategy. Clearly, there will be legal implications in individual investment decisions, which will be considered by Cabinet as appropriate.

7. Appendices

- 7.1. The strategy is attached at appendix one.

8. Contact Officers

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