

## Appendix B

### **Updated Investment Strategy Report 2019/20**

(The attached shows the suggested changes/amendments to the Investment Strategy approved in March 2019)

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#### **1. Introduction**

- 1.1. The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments**).
- 1.2. This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the Government in January 2018 and focuses on the second and third of these categories. This strategy was approved by Council in March 2019 and is being updated in December 2019, to reflect the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

#### **2. Treasury Management Investments**

2.1. The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £15m and £7m during the 2019/20 financial year.

##### 2.2. Contribution

- 2.2.1. The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

2.3. Further details

2.3.1. Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy (Appendix C).

### **3. Service Investments: Loans**

3.1. Contribution

3.1.1. The Council does not currently have investments assisting local public services, such as making loans to local service providers or to local small businesses to promote economic growth or to subsidiaries that provide services. However, it may do so in the future if required.

3.1.2. The Council does not currently make loans to employees (e.g. car loans).

3.2. Security and Liquidity

3.2.1. If loans were to be made in the future, they would remain proportionate to the size of the Council.

3.2.2. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 is currently nil. Should the Council make any loans in the future, this will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

~~3.2.2.~~ 3.2.3. Liquidity – This is set out in further detail in Section 5.

3.3. Risk assessment

3.3.1. The Authority will always assess the risk of loss before entering into and whilst holding service loans. Should the Council make service loans in the future, risk assessment will take various forms, for example assessing the nature and level of competition, assessing how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment

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requirements. Where necessary, the Council will also engage use of external advisors.

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3.3.1-3.3.2. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle. This will be set out within the Council's Investment Strategy for 2020/21 (presented to Full Council in February or March 2020).

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#### 4. Service Investments: Shares and Bonds

##### 4.1. Contribution

4.1.1. The Council has approved to make a £50,000 investment in the South West Mutual Bank which takes the form of shareholding in the bank with the purpose of encouraging local economic growth.

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4.1.1-4.1.2. The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation

##### 4.2. Security

4.2.1. One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, an upper limits on the sum invested in shares has been at set £5,050,000.

Category of company	31.3.2019 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Local business (South West Mutual Bank)	-	-	-	£50,000
<u>Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation</u>				<u>£5,000,000</u>
<b>TOTAL</b>	-	-	-	<u>£5,050,000</u>

4.3. Risk assessment

4.3.1. As it does for service loans, the Council also assesses the risk of loss before entering into and whilst holding shares.

4.3.1-4.3.2. Paragraph 5.3 sets out a more detailed approach to assessing risk.

- Risk of loss (Para 41 SGLGI) shall be assessed on a case by case basis as part of the acquisition due diligence and will be a criteria considered throughout the approval process. Risk of loss during the management phase of the investment shall be reported in accordance with the criteria below.

- In accordance with Para 23-25 of Statutory Guidance on Local Government Investments, quantitative indicators or risk and portfolio performance will be reported to Audit Committee. The frequency of this reporting is anticipated to be every 6 months and will include the following indicators (as applicable):

- Rental value by property
- Rental value by tenant
- Sector split by purchase price
- Purchase price
- Rental income profile
- Tenant lease length
- Gross Yield
- Management, Maintenance and Risk Mitigation Reserve (MMRM) value
- Current value
- In the case of an SPV, relevant criteria shall be reported depending on the nature of the SPV.

4.4. Non-specified Investments (e.g. shares)

4.4.1. Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance, as set out in 4.2.1, being the investment in the South West Mutual Bank and the purchase of shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any

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procedures for determining further categories of non-specified investment since none are likely to meet the definition. Investments in the CCLA are no longer classified as a non-specified investment.

4.5 Liquidity – This is set out in further detail in Section 5.

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**5. Commercial Investments: Property**

5.1. Contribution

5.1.1. The Council invests in local commercial property which is held solely to earn rentals, which will be spent on local public services. As at 31<sup>st</sup> March 2019 the Council held four investment properties.

5.1.2. In addition, West Devon Borough Council owns a number of commercial units, industrial units, office accommodation, within the Borough valued at £6 million at 31/3/2018.

5.1.3. The Council leases various parcels of land and buildings to external organisations. This reflects the historic policy of supporting small start-ups which has proved and continues to be successful.

5.1.4 ~~5.1.4~~ In September 2018 (Minute CM34) the Council approved an updated Commercial Property Strategy, which included multiple objectives: (a) to support regeneration and the economic activity of the Borough, the LEP area and the South West Peninsula (in that priority order) (b) to enhance economic benefit (c) to grow business rate income (d) to assist with the financial sustainability of the Council as an ancillary benefit and (e) to help continue deliver and/or improve frontline services in keeping with its adopted strategy and objectives.

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5.1.5 A revised Commercial Investment Strategy is also presented to Council on 17<sup>th</sup> December 2019, to enable the purchase of shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation.

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5.1.45.1.6 At the date of writing this report, the Council has made four investments in commercial property, currently totaling £21,379,452 million as shown below.

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**Table 1: Property held for investment purposes in £ '000s**

Property	Actual	31.3.2018 actual		31.3.2019	
	Purchase cost plus acquisition costs	Gains or (losses)	Value in accounts	expected	Actual
				Gains or (losses)	Value in accounts*
Co-op (Okehampton) Investment Property	3,572	-	-	-	3,572
Bristol House (Bristol) Investment Property	12,287,360	-	-	-	12,287,360
Heron Road (Exeter) Investment Property	3,709	-	-	-	3,709
Plymouth Investment Property	1,811	-	-	-	1,811
<b>TOTAL</b>	<b>21,379,452</b>				<b>21,379,452</b>

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\*Note – all Investment Properties will be annually valued at 31<sup>st</sup> March 2019

5.1.76 Also in September 2018 Council approved an overall Borrowing Limit (for all Council services) of £50 million. It is estimated that there is approximately £16million left of this overall limit that could potentially be spent on commercial investments in 2019/20 or later years. This has been included within Table 1 of the Capital Strategy (Estimates of Capital Expenditure) for modelling purposes and completeness also.

5.2. Security

5.2.1. In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

5.2.2. A fair value assessment of the Authority's investment property portfolio will be made at 31.3.2019 to assess that the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on the security of investments. This will include any revenue consequences arising therefrom, for example, from a change in MRP policy. The fair value valuation at 31.3.2019 of the four commercial properties was £20.13 million. This reflects the fact that transaction costs (e.g. stamp duty land tax) and directly attributable expenditure (costs incurred in successfully negotiating the sale terms and price and relevant professional fees e.g. legal costs) were capitalised in accordance with the Code. This change in valuation does not impact on the Council's 'bottom line' of the Income and Expenditure account, as this is reversed out through the Capital Adjustment Account.

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5.3. Risk assessment

5.3.1. The Authority assesses the risk of loss before entering into and whilst holding property investments by carrying out appropriate due diligence checks and implementing mitigation measures in managing risk:

- The tenants need to be of good financial standing (this is assessed using Dun & Bradstreet credit rating reports and annual accounts). The number of tenants e.g. sole tenant or multi tenanted will be assessed.
- The property condition such as date of construction and any imminent or significant refurbishment or modernisation requirements (forecast capital expenditure).
- How the property investment or financial, non-specified investment meets the Council's multiple objectives as set out in the Council's strategy e.g. liquidity, renewable energy, economic regeneration and business growth.

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~~• How the property investment meets the Council's multiple objectives as set out in the Council's strategy e.g. economic regeneration, business growth.~~

- The lease must meet certain standards, such as being in a commercial popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future. Any break clauses will be assessed along with the number of unexpired years, bank guarantees and rent reviews.
- The location will be either within West Devon Borough Council's boundary, the LEP area or the South West Peninsula (in that priority order), as set out in the Commercial Property Strategy. The population of the catchment area, the economic vibrancy and known or anticipated market demand as well as proximity to travel infrastructure and other similar properties will be assessed.
- Rental income paid by the tenant must exceed the cost of repaying the borrowed money from the Public Works Loan Board (which is itself funded by the Government). The surplus is then an ancillary benefit which supports the Council's budget position and enables the Council to continue to provide services for local people.
- The gross and net yield are assessed against the Council's criteria.
- The prevailing interest rates for borrowing at the time.
- Debt proportionality considerations.
- The life and condition of the property is assessed by a valuer and the borrowing is taken out over the life of the asset. The amount of management and maintenance charges are assessed as well as the ease of in-house management. 10% of all rental income is put into a Maintenance and Management Reserve to cover any longer-term maintenance issues.
- The potential for property growth in terms of both revenue and capital growth will be assessed.
- The property sector e.g. office, retail, industrial will assist in deciding on the risks associated with specific properties and the mix of sectors within the Council's portfolio.
- Details of acquisition costs e.g. stamp duty land tax, legal costs
- The documented exit strategy for a purchase/new build.
- The legal and technical due diligence checks will also identify any specific problems such as anomalies in the title deed, restrictive use classes, indemnities, local competition, construction or refurbishment requirements.



- The Council engages the use of external advisors to assist in undertaking elements of the due diligence checks such as technical, legal, accounting, property and taxation advice.
- The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

### **Liquidity**

5.3.2. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will spread its liquidity profile across its portfolio and also have a spread of the sector in which the Council invests. The Council also documents potential exit strategies as part of its due diligence checks.

5.3.3. Liquidity will be a factor in determining the amount of rent set aside in the Maintenance Management and Risk Mitigation Reserve for each investment. This will be reviewed with the same frequency as the risk reporting procedure set out in the Council's Commercial Investment Strategy.

5.3.2.-

### **6. Loan Commitments and Financial Guarantees**

6.1. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

6.2. The Council is committed to making future payments to cover its pensions liability. The Pensions Reserve for the net defined benefit liability was £24.4m at 31/3/2018.

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6.2.6.3 The Council is currently undertaking due diligence work on the opportunity for the Council to purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation. This business case would also involve the Council entering into a loan in 2020/21 at a commercial rate with the Special Purpose Vehicle. This will be set out within the Council's Investment Strategy for 2020/21 (presented to Full Council in February or March 2020).

## **7. Debt Proportionality**

7.1 The Authority is partly dependent on profit generating investment activity to achieve a balanced revenue budget. Table 2 below shows the extent to which the expenditure planned to meet the service delivery objectives and place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan.

7.2 Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services are/would be assessed at the appropriate time and this may involve the temporary use of reserves in the short term. The Council undertakes sensitivity analysis of the interest repayments on its borrowing requirements as a percentage of its available reserves to ensure there is sufficient coverage in the event that rental income is below that forecasted. This ensures that the Council has the available reserves to enable service delivery to be maintained in the short to medium term, whilst alternative solutions are implemented.

7.2

7.3 The Council set an upper limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £50 million. Interest payments at 2.5% would equate to 28.4% of available reserves. At an interest rate of 3%, interest payments would equate to 34.1% of available reserves (Appendix H to the Budget Proposals report for 2019/20 – Council 12 February 2019).

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**Table 2: Proportionality of Investments**

	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Gross service expenditure	£28,085,013	£28,136,013	£27,948,813	£28,397,613	£28,766,413
Treasury income	£57,860	£80,321	£90,321	£110,321	£110,321
Commercial property income	-	£1,070,966	£1,186,419	<del>£2,128,373</del> £1,300,000	<del>£2,128,373</del> £1,500,000
Proportion	0.21%	4.09%	4.57%	<del>7.884.97%</del>	<del>7.785.60%</del>

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7.4 The table shows in 2019/20 that the aggregate of commercial property income and treasury income equates to 4.57% of the Council's gross service expenditure. This is projected to increase to ~~7.785.6%~~ by 2021/22.

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## 8. **Borrowing in Advance of Need**

8.1. Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority plans to borrow for its Commercial Investment Strategy either within the Borough, the LEP area or the South West Peninsula (in that priority order). The Authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired rental income or borrowing costs increasing are explained in section 5.3 Risk Assessment.

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8.2 This is to be secured on a case by case basis on the most commercially advantageous terms available predominantly through borrowing or any other unallocated or available Council reserve or capital receipt. The Council shall not borrow more than or in advance of need as part of the funding for investments of developments so as to benefit from the investment of the extra sums borrowed (para 46 & 47 SGLGI). There are no circumstances in which the Council would seek to disregard the prohibition on borrowing ahead of need, purely for profit. The investment

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in renewable energy generation (SPV) would be made with a view to reducing the Council's carbon emissions and to mitigate the climate emergency that has been declared by the Council and many local authorities across the UK.

## 9. Capacity, Skills and Culture

### 9.1. Statutory Officers and Members

9.1.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for recommending capital expenditure, borrowing and investment decisions to Members.

9.1.2. ~~The Group Manager of Business Development is a qualified Project Manager and Accounting Technician, with a RICS (Royal Institute of Chartered Surveyors) Accredited degree in Estates Management, incorporating Investment and Development. In addition, the Group Manager for Business Development also has 15 years of banking/lending experience, having worked on multi million pound asset investment, disposal and development projects. Strategic Director for Place and Enterprise is a Chartered Civic Engineer with 16 years of experience and also holds a MSc in Construction Law.~~

9.1.3. The Chief Executive has a MSc in Leadership of Public Services (2009) from UWE (Bristol Business School) and an IoD (Institute of Directors) Certificate of Directorship in 2016. In addition, the Chief Executive has been involved in the oversight of the Councils' interests (as shareholder) in its wholly owned companies when working as a Director for a Unitary Council.

9.1.4. The Strategic Finance Lead (S.151 Officer) is a Chartered Accountant (ICAEW) with 15 years of experience of being a S151 Officer (Chief Finance Officer). In addition, the Strategic Finance Lead holds a BSc in Mathematics and has previously worked in the private sector for accountancy firms.

~~9.1.5. The Head of Assets Practice is a Chartered Civil Engineer with 16 years of experience. In addition, the Head of Assets holds a MSc in Construction Law.~~

9.1.5. The Monitoring Officer is a qualified solicitor with 20 years public sector experience and private practice prior to that.

9.1.6. The Estates Specialist is a Chartered Surveyor, qualified for over 13 years, with an Estate Surveying degree. In addition they are a Registered Valuer.

9.1.7. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field (see 9.2.2)

9.1.8. In 2018 some external training from a LGIU (Local Government Information Unit) Associate on Local Government Finance (including commercialism) was arranged for all Members

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aswell as some internal training events facilitated by the S151 Officer and the Group Manager for Business Development on the Council's Medium Term Financial Strategy which included an update on commercial property investment. The Council's Members' Services are consulted when organising all training in order to maintain training and development plans for Councillors.

9.1.9. A comprehensive Members' Induction Programme, following the District Elections in May 2019 ~~was~~ organised, this included ~~s~~ specific financial and treasury management training which ~~was~~ undertaken as part of the induction. External treasury management training will be offered to all Members ~~in June 2019 by March 2020~~ to ensure Members have up to date skills to continue to make capital and treasury management decisions.

9.1.10. The purpose of this training is to ensure elected Members involved in the investments decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

## **9.2. Commercial deals**

9.2.1. The Council's negotiating team includes the ~~Strategic Director for Place and Enterprise Group Manager for Business Development~~ and the S.151 Officer, who are both members of the Senior Leadership Team. Both Officers are aware of the core principles of the prudential framework and of the regulatory regime within which Local Authorities operate. ~~The S151 Officer has These officers have~~ attended specific treasury management training courses around the new MHCLG Guidelines on investments and the accounting treatment.

9.2.2. Where Council staff do not have the knowledge and skills required, use is made of external advisors and consultants that are specialists in their field. The appropriate expertise is always resourced in relation to any financial, legal and asset related due diligence required. A list is shown below:-

- [Savills - Property agents](#)
- [JLL - Property and technical consultants](#)
- CCD Properties Limited - Development specialists
- [Arcadis - Building Surveyors and Engineers](#)
- [Everose - Technical advisers \(renewable energy\)](#)
- [Womble Bond Dickinson -- Solicitors](#)
- [TLT - Solicitors](#)
- Link Services - Treasury Management advice
- [Arlingclose - Treasury Management advice](#)
- [APSE \(Energy\) - Local government advisors](#)
- [KPMG - Financial advice \(renewable energy\)](#)

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9.2.3 This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

### **9.3. Corporate governance**

9.3.1. The Council has corporate governance arrangements to ensure transparency, accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values. The Head of Finance Practice invited bids for capital funding from all service areas, for a new capital programme during July 2018 on the strict proviso that all bids must go towards meeting a strategic priority.

9.3.2. All capital bids received were ranked against a prescribed priority criteria set out in the bid process. The submitted capital bids have been assessed against the categories in each priority. Priority 1 categories include meeting strategic priorities and statutory obligations (e.g. Health and Safety, DDA etc) and other capital works required to ensure the existing Council property assets remain open. For the purpose of this report, Priority 2 categories link to good asset management whereby the capital work proposed would either generate capital/revenue income or reduce revenue spending.

## **10. Investment Indicators**

10.1. The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

### **10.2. Total risk exposure**

10.2.1 The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually

committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

**Table 3: Total investment exposure in £ '000s**

Total investment exposure	31.03.2018 Actual	31.03.2019 <del>Forecast</del> Actual	31.03.2020 Forecast
Treasury management investments	6,700	6,5009,791	78,000
Service investments: Shares and Bonds (see section 4.2 for details)	-	-	50
<u>Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation (see 4.2 for details)</u>			<u>5,000</u>
Capital investments: Commercial Property – new capital expenditure*		21,379,452	<del>16,000</del> 5,000
<b>TOTAL INVESTMENTS</b>	<b>6,700</b>	<b><u>31,17027,952</u></b>	<b><u>1823,050</u></b>
Commitments to lend	-	-	-
Guarantees issued on loans	-	-	-
<b>TOTAL EXPOSURE</b>	<b>6,700</b>	<b><u>31,17027,952</u></b>	<b><u>1823,050</u></b>

\*Capital investments relate to areas such as capital expenditure on investment properties.

**10.3. How investments are funded**

10.3.1. Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

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**Table 4: Investments funded by borrowing in £ '000s**

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 <del>Actual</del> Forecast	31.03.2020 Forecast
Commercial investments: Property (new capital expenditure)	-	<del>21,379,214</del> 52	<del>16,000</del> 5,000
Purchase shares in a Special Purpose Vehicle (SPV) so as to own, operate or invest in renewable energy generation			5,000
<b>TOTAL FUNDED BY BORROWING</b>	-	<b>21,379,452</b>	<b>160,000</b>

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#### 10.4. **Rate of return received**

10.4.1. This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

**Table 5: Investment rate of return (net of all costs)**

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	0.64%	0.80%	0.82%
Service investments: Shares	-	-	-
Commercial investments: Property	-	2.22%	2.00%
<b>ALL INVESTMENTS</b>	<b>0.64%</b>	<b>3.02%</b>	<b>2.82%</b>



**Table 6: Other investment indicators**

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast*
Debt to Net Service Expenditure ratio – This indicator shows that debt is projected to be <del>6.624.05</del> times the net service expenditure of £7million.	63.99%	330.88%	<del>661.86</del> 404.75%
Net Commercial Income to Net Service Expenditure ratio * This will increase in 2020/21 as it has been assumed that acquisitions or developments will occur at the latter end of 19/20	-	3.06%	3.86%*
Interest cover ratio (this indicator shows the ratio of income from commercial property investments compared to the interest expense incurred by them) – This indicator shows that gross income from commercial property is over twice that of the interest expense.	-	225.51%	207.88%

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Debt will be repaid through the Council's Minimum Revenue Provision policy. For example, for commercial investment, debt will be repaid on an Annuity method over the Asset Life.