

**Cherwell District Council**  
**Budget Planning Committee**

**8<sup>th</sup> October 2013**

<b>Investment Opportunities</b>
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**Report of Head of Finance and Procurement**

This report is public

**Purpose of report**

The report is to set the context for discussion as to options for addressing future years funding gaps by considering options for how the council uses its funding.

**1.0 Recommendations**

The meeting is recommended to note and consider the report.

**2.0 Introduction**

- 2.1 Elsewhere on this agenda, members discuss the council's Medium Term Revenue Plan and the financial forecast and challenges the council will need to address. The purpose of this paper is to introduce a discussion as to how the council could use its resources as potential investments in order to support the actions needed the future financial challenges of the council.

**3.0 Report Details**

- 3.1 As a council, Cherwell has a range of investments which are managed through the treasury management function which reports to Council and to the Audit Committee. A total sum of around £64 million (2012/13 actual position) is invested in a range of investments, the majority of which are under 1 year. Full consideration to this portfolio is given by members at the respective committees but the focus is on ensuring the security of any investments before the return on any investments. This is the correct prudential approach recommended through professional practice.
- 3.2 However, since the onset of the "credit crunch", returns on investments have been very low by historical standards. The commitment of the Governor of the Bank of England to continue to keep interest rates low for the next 3 years suggests the investment returns will not improve significantly.

- 3.3 The purpose of this paper is to ask members to commence a discussion whereby alternatives to traditional investment methods could be applied which would give a more productive return on any available cash although still within acceptable risk levels. Options which could be considered could be work being undertaken on asset management, whereby there may be opportunities to identify savings or rental income through investing in those assets, or through looking at alternative investment routes such as joint ventures. The key focus is to look at ways to generate additional income to support the future revenue streams of the council.
- 3.4 This paper is vague as to the precise nature of any potential actions and is intended to raise this as a subject for debate which can be considered through the budget process with a view to proposing initiatives. It may also be appropriate for members to consider this in a separate forum depending on the views expressed.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 This report is for members' consideration.

## **5.0 Consultation**

No consultation

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

As this is a report for information and consideration no alternative options have been considered.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 There are no direct financial implications arising out of this report.  
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### **Legal Implications**

- 7.2 Any investment decisions would need to be consistent with the Council's legal powers and its fiduciary duty as the custodian of public assets. Specific advice would be given when necessary.  
Comments checked by: Kevin Lane, Head of Law and Governance, 0300 0030107  
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## Document Information

Appendix No	Title
	none
Background Papers	
none	
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