

Written response to: Business and Transformation Scrutiny Panel

Resolution:

That the Corporate Director of Finance and Resources provide the Panel with written information on the terms for the CCLA Property Fund and how it was reconciled on the Council's balance sheet.

Written response from: Financial Services Manager

Response: The Council took the decision to invest in the CCLA property fund in 2014 as a way of enhancing the investment returns by locking away a small proportion of its core investment balances for a longer period. As the fund invests in property, it is to be viewed as a long-term investment that should be left to perform.

Since investing the initial £3m in 2014, the fund has provided an enhanced return in terms of dividend of between 4.21% and 5% with total income from dividends since 2014 totalling £706,000.

As the fund invests in property value of the capital invested can also fluctuate, hence another reason for viewing this as a long-term investment. Since 2014 when the initial investment of £3million was made the Council's investment has grown to £3.4million, although this will be unrealised until the date the Council withdraws its funds from the investment.

Dividend returns are included in the revenue budget.

The investment is shown on the Council's balance sheet as a long-term investment and the unrealised gains are shown in the Pooled Investment Fund Adjustment Account on the balance sheet.

Date: 02/07/19