Appendix 2

BLACKBURN WITH DARWEN BOROUGH COUNCIL - CAPITALISATION POLICY

Unless expenditure qualifies as capital it will normally fall outside the scope of the Prudential Framework and will be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

There are three routes by which expenditure can qualify as capital under the Prudential Framework:

- The expenditure results in the acquisition, construction or enhancement of non-current assets (tangible and intangible) in accordance with "proper practices"
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

Capitalisation under proper practices

Proper practices are defined to include *the Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). The Code is published annually and its provisions relating to capitalisation are based on IAS 16 *Property, Plant and Equipment*.

Expenditure on acquisitions and construction work is analysed to decide whether it satisfies the accounting rules for recognising a non-current asset in the Council's Balance Sheet. The amount capitalised generally comprises the purchase price plus any expense directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Examples include:

- acquisition of land and site preparation.
- acquisition, construction, preparation or replacement of roads, buildings and other structures.
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus and vehicles.
- acquisition of non-current assets that do not have physical substance but are identifiable and are controlled by the Council as a result of past events i.e. the Council will receive future economic benefits or service potential as a result of enforceable rights, such as a legal title or licence (intangible assets)

Capitalisation can include subsequent expenditure on existing assets, where the value of the asset is enhanced by:

- lengthening substantially the life of the asset.
- increasing substantially the open market value of the asset.

- increasing substantially the extent to which the asset can be used for a function of the Council.

Assets may also be recognised (at fair value) under leases, PFI contracts and similar agreements.

The Council has some limited discretion on what is deemed capital expenditure, for example assets costing below £10,000 (the de-minimis amount) are not capitalised and are charged to revenue in the year the expenditure is incurred.

Regulations made under the Local Government Act 2003

Special arrangements exist in local government for the extension of the accounting definition of capital expenditure. Regulation 25 of the 2003 regulations (as amended) allows certain expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this provision is to enable payments to be funded from capital resources rather than charged to the General fund and impact on that year's council tax.

Capital expenditure within the 2003 regulations includes:

- The giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the Council, be capital expenditure (except for advances made to officers as part of their terms or conditions of employment or in connection with their appointment).
- The repayment of any grant or other financial assistance given to the Council for the purposes of expenditure which is capital expenditure.
- The acquisition of share capital in any body corporate (except for investments in Money Market Funds or an investment in a real estate investment trust).
- Expenditure incurred on works to any land or building in which the Council does not have an interest, which would be capital expenditure if the Council had an interest in that land or building.
- Expenditure incurred on the acquisition, production or construction of assets for use by or disposal to a person other than the Council which would be capital expenditure if those assets were acquired, produced or constructed for use by the council.

Revenue expenditure funded from capital under statute (REFCUS)

This term relates to payments that would otherwise be revenue expenditure but are treated as capital expenditure for the reasons above, and are financed from capital resources.

The underlying revenue nature of the expenditure means that it is debited or charged to the Comprehensive Income and Expenditure account when it is incurred. The statutory provision to treat the expenditure as capital allows the debit against the General Fund to be reversed and posted to the Capital Adjustment Account, so that there is no impact on the Council's "bottom line".

The adjustment that is made between the accounting basis and the funding basis is reflected in the Movement in Reserves Statement within the Council's statutory accounts.

Capitalisation directions

The Secretary of State for Housing, Communities and Local Government has powers to direct that expenditure that would not otherwise be capital, should be treated as such. As the treatment of revenue expenditure as capital is contrary to the normal accounting requirement that long-term borrowing or capital receipts should only be used for capital investment, the Secretary of State advises authorities that they must meet strict criteria before a direction will be given. These criteria are set out each year in a guidance note.

In December 2015, the Government issued a capitalisation direction allowing councils to use capital receipts more flexibly by using such receipts to fund "qualifying expenditure" on a project where incurring up-front costs would generate ongoing savings. In February 2018 government announced the continuation of the capital receipts flexibility programme until 2021/22.

The capitalisation directions permit local authorities to treat revenue expenditure "incurred on projects designed to reduce future revenue costs and/or transform service delivery" as capital expenditure during the six financial years from 2016/17 to 2021/22. This capital expenditure may only be funded from new capital receipts arising from asset sales after 31st March 2016.

The statutory guidance (published in 2016) includes examples of eligible projects to transform service delivery or deliver efficiency savings, including:

- Integrated services across different functions
- Shared services across different authorities
- New ways of working such as digital service delivery
- Joint working such as joint procurement or selling services to other authorities

Examples of the revenue costs that might be incurred on these projects might include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;

- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others).

The guidance is clear that only initial set-up costs may be capitalised, not on-going running costs.

Appendix 3

CAPITAL PROGRAMME 2020-2023

Capital expenditure

In 2020/21, the Council is planning capital expenditure of £39.910 million as summarised below:

Table 1: Estimates of Capital Expenditure in £ thousands

Portfolio	2018/19 actual £000	2019/20 forecast £000	2020/21 budget £000	2021/22 budget £000	2022/23 budget £000
Health and Adult Social Care	1,904	2,214	2,796	2,500	2,500
Children, Young People and Education	2,352	5,915	7,237	6,750	6,000
Environment	620	143	1,929	0	0
Public Health and Wellbeing	375	1,195	0	0	0
Growth and Development	13,194	17,242	17,781	150	150
Digital and Customer Services	1,687	1,467	697	0	0
Finance and Governance	288	765	3,490	0	0
Portfolio spending	**20,420**	**28,941**	**33,930**	**9,400**	**8,650**
Corporate ICT	0	90	3,116	0	0
Vehicles	0	1,549	0	0	0
Corporate Property Investment	0	2	2,864	1,500	1,500
Earmarked schemes *	**0**	**1,641**	**5,980**	**1,500**	**1,500**
Asset Management	0	0	0	1,500	1,500
Contingent schemes	**0**	**0**	**0**	**1,500**	**1,500**
Total capital expenditure	**20,420**	**30,582**	**39,910**	**12,400**	**11,650**

* **Earmarked schemes** – as specific schemes are identified, budgets are allocated to portfolios.

The programme is predominantly comprised of existing commitments including investment in:

- our local transport plan, including both our successful Growth Deal 3 bid to open up the Pennine gateways around the borough and our Fabric Borders scheme, all of which will facilitate housing and business growth
- aids and adaptations through provision of disabled facilities grants
- regeneration of the borough, including our scheme at Blakey Moor to enhance the town centre in Blackburn and support the improvement of leisure facilities and a night time economy, incorporating a cinema complex development
- facilitating housing and business growth
- support of income generation and commercialisation opportunities
- support of continued investment in IT services to underpin our ‘digital first’ approach to delivering efficiencies and in turn, cash savings
- support of our accommodation review which again will drive efficiencies and savings through rationalisation and a more cost effective use of space.

Allocations are included for:

- creation of additional school places required within the Borough
- expected investment in existing assets

Within the capital programme there is also a Property Investment Fund, which enables the Council to invest in land and property should the opportunity arise.

Further details of individual capital schemes included within the Council’s capital programme are included as an appendix to the *Revenue Budget 2020/21* report, elsewhere on this agenda.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ thousands

	2018/19 actual £000	**2019/20 forecast £000**	**2020/21 budget £000**	**2021/22 budget £000**	**2022/23 budget £000**
Government grants	8,898	13,945	14,175	8,000	8,000
External contributions	4,223	3,556	9,651	1,250	500
Revenue contribution	690	1,274	300	0	0
Borrowing	6,609	11,807	15,784	3,150	3,150
Total capital financing	**20,420**	**30,582**	**39,910**	**12,400**	**11,650**

Planned asset disposals

The Asset Management Group monitors asset disposals and generation of capital receipts throughout the year. Capital receipts are generated through the sale of land and property no longer used by the Council and / or in order to facilitate commercial or housing development.

The MRP estimates that are included within the Council's 2020/21 Budget and MTFS are based on the following estimates of capital receipts:

	2018/19 actual £000	2019/20 forecast £000	2020/21 budget £000	2021/2022 budget £000	Future years budgets £000
Disposal of land and property	2,712	3,520	4,248	4,958	33,251
Sale of investments	0	0	0	0	0
Total capital receipts	**2,712**	**3,520**	**4,248**	**4,958**	**33,251**

The Council plans to continue to utilise the majority of any capital receipts generated from the disposal of land and property in support of the Minimum Revenue Provision i.e. to repay debt.

Flexible use of capital receipts strategy

The statutory guidance (published in 2016) states that for each financial year, a local authority should ensure it prepares a Flexible use of Capital Receipts Strategy. The guidance states that as a minimum, the Strategy should list each project for which the Council plans to make use of the flexibility and on a project by project basis, it should detail the expected savings/service transformation that it is expected to deliver. It also states that the Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. The Strategy should be presented to Full Council for approval. The flexibility only applies to new capital receipts arising from 1st April 2016 until 31st March 2022.

The Council has no specific plans to use capital receipts flexibly for 2020/21 at this point in time. Should these plans change, an updated strategy will be presented to Full Council for approval as required.

Appendix 4

MINIMUM REVENUE PROVISION (MRP) STATEMENT

Introduction

When a Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory Minimum since 2008. The Council must approve an annual MRP Statement, which states how it will calculate its prudent provision for MRP.

The Local Government Act 2003 requires the Council to have regard to the government's current guidance on Minimum Revenue Provision. The guidance sets out a number of options for calculating MRP, but authorities retain flexibility over their determination of what is prudent. The broad aim of the guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The proposed methodologies for use within Blackburn with Darwen Borough Council are set out below and reflect the basic principles set out in the guidance, along with some locally determined and prudent modifications to make the MRP more straightforward to calculate.

Proposed MRP Policy Statement for 2020/21

The following MRP Policy is proposed, under guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) is as follows:

(a) *For capital expenditure financed from debt arising up to 2007/08 and all new Government-supported borrowing arising from 2007/08 and thereafter -* to spread the cost outstanding at the end of 2014/15 evenly over 50 years (from 2015/16 through to 2064/65).

(b) *For capital expenditure that is self-financed from debt arising in 2007/08 and thereafter -* to charge the expenditure over the expected useful life of the relevant asset ("the Asset Life Method"), but to use the annuity variant, based on the average Public Works Loan Board (PWLB) annuity rates prevailing in the year of the expenditure (rather than charging on a straight line basis over the asset life).

(c) *For 'on-balance sheet' Private Finance Initiative (PFI) contracts* - to use the annuity variant of the Asset Life Method, using the annuity rates built into the financing arrangements for the contracts. This means that the MRP will relate to the estimated asset life and may not match the value written down each year against the balance sheet liability of the respective lease or PFI contract.

(d) *For assets acquired by leases* – MRP will be determined as being equal to the principal element of the rent or charge that goes to write down the balance sheet liability.

(e) *For historic debt that was entered into prior to unitary authority status and is managed by Lancashire County Council (LCC)* - to spread the cost on a straight line basis up to 2064/65, in alignment with the profile for historic supported borrowing.

(f) *In those cases where asset lives cannot be readily determined* - to use a default period of 20 or 25 years in line with government guidance. However the Council may make its own determination in exceptional circumstances, if the recommendation of the guidance would not be appropriate.

(g) *Where loans are made to other bodies for their capital expenditure* – to charge no MRP. However, the capital receipts generated by the repayments on those loans will be put aside to repay debt instead.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

Therefore, in the determination of MRP, the Council will be both:

(a) **prudent** - working within the principle that debt be repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits, and

(b) **practical** - making detailed determinations where the impact of the calculation will be material, but allowing a more general approach if that would be reasonable.

Appendix 5

PRUDENTIAL INDICATORS FOR 2020/21

Introduction

Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Chartered Institute of Finance and Accountancy (CIPFA) Prudential Code provides a framework to ensure that the capital investment plans of the Council are affordable, prudent and sustainable.

The Prudential Indicators recommended in the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparative performance indicators, and should be considered in parallel with the Treasury Management Indicators required by the CIPFA *Code of Practice on Treasury Management in the Public Services*.

The Prudential Indicators provide a broad framework to be considered alongside robust forecasting procedures embedded into the budget process of the Council. Forecasts should be regularly updated as the capital programme develops, and proposals should be considered in terms of their impact on the overall corporate position, ensuring that prudence and affordability are taken into account.

Prudential Indicators in relation to previous years actuals are taken directly from information in the Council's statement of accounts. The Prudential Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year. The forward-looking Prudential Indicators include indicative figures for years two and three to allow decisions to be made with an appreciation of future trends. It is recognised that these will be subject to change but exist to promote a move away from the focus on annual decision making towards longer-term strategies.

Procedures are in place to monitor performance against the forward-looking indicators in order to highlight significant deviations from expectations.

Prudential Indicators for prudence

Estimates of Capital Expenditure in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Portfolio spending	20.4	28.9	33.9	9.4	8.7
Earmarked schemes	0	1.6	6.0	1.5	1.5
Contingent schemes	0	0	0	1.5	1.5
General Fund services	**20.4**	**30.6**	**39.9**	**12.4**	**11.7**

Total capital spend in later years may be higher than currently forecast – however only spend funded from borrowing will impact on the Council's CFR.

Estimates of Capital Financing Requirement in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund services	212.3	214.6	223.0	214.3	206.6
Debt managed by LCC	15.6	15.3	15.0	14.6	14.3
PFI projects	69.7	69.5	69.3	69.1	68.9
Total CFR	**297.6**	**299.4**	**307.3**	**298.0**	**289.8**

The capital financing requirement for 2020/21 and subsequent years includes a £5.0 million increase due to a change in the accounting for leases. This is an estimate based on information currently available and will be amended once more information becomes available.

The Council must make reasonable estimates of the "total Capital Financing Requirement" – that is an estimate of the debt outstanding in respect of capital expenditure, including LCC debt and that relating to the recognition of assets acquired under PFI projects, at the end of each of the next three financial years. The LCC element relates to debt still managed by the County Council in respect of services transferred when Blackburn with Darwen became a Unitary Authority. The Other Long Term Liabilities in relation to PFI schemes are in respect of schools built under the Building Schools for the Future programme.

Authorised limit and operational boundary for external debt in £ millions

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit - borrowing	250.8	286.0	265.5	244.0
Authorised limit – PFI and LCC debt	85.3	84.8	84.3	83.8
Authorised limit – total external debt	336.1	370.8	349.8	327.8
Operational boundary - borrowing	240.8	276.0	255.5	234.0
Operational boundary – PFI and LCC debt	85.3	84.8	84.3	83.8
Operational boundary – total external debt	326.1	360.8	339.8	317.8

The authorised limit and operational boundary for 2020/21 and subsequent years include a £5.0 million increase due to a change in the accounting for leases. This is an estimate based on information currently available and will be amended once more information becomes available.

Gross Debt and the Capital Financing Requirement in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Debt (including PFI and LCC debt)	277.1	307.5	300.9	279.6	268.3
Capital Financing Requirement	297.6	299.4	307.3	298.0	289.8

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Council expects debt to be in excess of the capital financing requirement temporarily at the end of 2019/20, this is due to slippage on some capital schemes, and additional borrowing required for the advance payment of pension costs in April 2020. However, as can be seen from table above, the Council expects to comply with this guidance during 2020/21.

Prudential Indicators for affordability

Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax

The incremental cost of any additional, unsupported borrowing required for new schemes to be added to the programme is not expected to be material on the 2020/21 budgets and as such has will have negligible impact on Council Tax. All new proposals are subject to the Council's governance and financial regulations and are reported accordingly, identifying the revenue costs associated with such schemes as applicable.

Estimates of proportion of financing costs to net revenue stream

Although capital expenditure is not charged directly to the revenue budget, there are revenue budget implications i.e. interest payable on loans and MRP repayments, offset by any investment income receivable. The net annual charge is known as financing costs i.e. the cost of financing capital expenditure.
The Council must estimate the proportion of the revenue budget taken up in financing costs, by comparing financing costs to the net revenue stream i.e. the amount available to fund the Council's revenue budget from Council Tax, business rates and general government grants.

The Indicator below is calculated on the basis that all of the Capital Programme, including Contingent elements, is delivered and assumes no reduction in SFA when projecting the future Net Revenue Stream beyond 2019/20.

	2019/20 forecast	**2020/21 budget**	**2021/22 budget**	**2022/23 budget**
Main Programme capital financing costs as a proportion of Net Revenue Stream	9.15%	9.30%	9.56%	9.77%
BSF PFI capital financing costs as a proportion of Net Revenue Stream	4.61%	4.38%	4.32%	4.28%
Prudential Indicator for ratio of financing costs to Net Revenue Stream	**13.76%**	**13.68%**	**13.88%**	**14.05%**

The Council's capital financing costs in respect of BSF PFI schemes – both MRP and financing charges (interest elements) – are included, but this cost is largely covered by central government grant and does not put a pressure on Council resources.
It remains the case that a significant proportion of the net revenue budget is taken up in supporting the Main Programme part of the Capital Programme.

Appendix 6

INVESTMENT STRATEGY 2020/21

Introduction

This investment strategy focuses on the Council's strategy in respect of non-treasury management investments.

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*** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management investments

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 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 (CIPFA).

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

Further details: Full details of the Authority's policies and its plan for 2020/21 for treasury management investments are covered in a separate document, the Treasury Management Strategy, to be presented to Executive Board on 12th March 2020 for consideration and approval.

Non-Treasury Management investments

The Council may also make loans and investments for service purposes, and may purchase property for investment purposes. The investment strategy focuses on these other investments, which are included within the second and third categories above.

Service Investments: Loans

Contribution: The Council could advance relatively small loans to local businesses and local residents for community and economic benefits. For example, the capital programme includes a number of schemes where loans are given to support home owners unable to fund essential property repairs to bring properties back into use.

Security: The risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, the loans to home owners are registered as a charge against the property at the Land Registry which will be removed by the Council once full repayment of the loan has been made.

Risk assessment: The main purpose of these service loans is not to make a financial rate of return for the Council; it is to support the key priorities in the Council's Corporate Plan and the Empty Property Strategy. Bringing empty homes back into use will support the sustainability of the neighbourhood and provide much needed housing for people in housing need. It also contributes to reducing the potential for anti-social behaviour by re-occupying long term empty homes.

Service Investments: Shares

Contribution: The Council may invest in the shares of its partners to support local public services and stimulate local economic growth.

The Council has a 5% shareholding in Blackburn with Darwen and Bolton Local Education Partnership Limited, which was formed in order to deliver the capital investment elements of the Building Schools for the Future programme. The Council has also invested in Blackburn with Darwen and Bolton Phase 1 Holdings Limited, Blackburn with Darwen and Bolton Phase 1 Limited, Blackburn with Darwen and Bolton Phase 2 Holdings Limited, Blackburn with Darwen and Bolton Phase 2 Limited, which are special purpose companies established solely to deliver the new schools at Pleckgate, Witton Park and Blackburn Central with Crosshill under the Private Finance Initiative.

The Council has also a minority shareholding in a Special Purpose Vehicle together with a local developer for the purposes of acquiring a specific vacant site, which has a history of stalled development activity and incidents of anti-social behaviour, vandalism and trespass, the SPV will prepare the site for future development by 3rd parties. The proposed development will contain a mix of employment and residential end uses, which will directly support growth in jobs and housing

Security: One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered.

Risk assessment: The Authority assesses the risk of loss before entering into such shareholdings by ensuring the Council's risk exposure is quantified and capped at the proposed initial investment. The main purpose of these shareholdings is not to make a financial rate of return for the Council; it is to support the key priorities in the Council's Corporate Plan and the service delivery objectives of its Growth agenda.

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as *property held **solely** to earn rentals or capital appreciation or both.* Commercial properties owned by the Council are held for regeneration, planning reasons and estate management purposes in addition to earning rental income, therefore, they have been classified as property, plant and equipment within the accounting statements.

Government guidance in the context of this investment strategy has a different view and defines property to be an investment if it is held **primarily or partially** to generate a profit.

Contribution: The Council invests in local commercial property with the dual purpose of supporting the local economy and generating rental income to support expenditure spent on local public services. The main categories of property investments held are as follows:

- Industrial estates
- Business centres
- Sundry commercial property
- Sundry shops
- Agricultural tenancy
- Industrial/ commercial development sites
- Residential development sites
- Vacant land

Loan Commitments and Financial Guarantees

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

The Council does not have any such liabilities at present.