



COTSWOLD
DISTRICT COUNCIL

AUDIT COMMITTEE

26TH SEPTEMBER 2019

ADDENDUM TO THE AGENDA

Additional Item for Consideration and Decision

- (10) **Treasury Investment Opportunity with a Housing REIT (Real Estate Investment Trust)**
(Chief Finance Officer)
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This report presents a treasury investment opportunity for the Council to invest available long term funds in a Social Housing REIT (Real Estate Investment Trust). The information provided in this report will enable the Committee to consider and endorse the investment opportunity.

Officer Recommendation

To note and endorse the treasury investment opportunity Officers have provide.

Officer Ref: Jenny Poole (01285 623313)

Note:

The above item was notified after the Agenda for the Audit Committee to be held on 26th September 2019 had been printed, but owing to the time critical nature of the item, and following agreement by the Leader of the Council, Chair of the Audit Committee and Acting Head of Paid Service, the item can be included on the Meeting's Agenda.

A copy of the report is attached.

(END)



COTSWOLD DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE - 26TH SEPTEMBER 2019
Report Number	AGENDA ITEM (10)
Subject	TREASURY INVESTMENT OPPORTUNITY WITH A HOUSING REIT
Wards affected	ALL
Accountable member	Cllr. Mike Evemy Deputy Leader and Cabinet Member for Finance
Accountable officer	Jenny Poole, Chief Finance Officer Tel: 01285 623313 Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	This report presents a treasury investment opportunity for the Council to invest in available long term funds in a Social Housing REIT (Real Estate Investment Trust). The information provided in this report will enable the Committee to consider and endorse the investment opportunity.
Annexes	N/A
Recommendation/s	<i>To note and endorse the treasury investment opportunity officers have provided.</i>
Corporate priorities	The Council's Corporate Strategy and Priorities are currently under development.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Arlingclose Limited - Council's treasury advisors

1. **BACKGROUND**

The Council's Treasury Management Advisors, Arlingclose, have identified an opportunity to invest in a Real Estate Investment Trust. Fundamentum Property, investment advisors with a track record in the UK social housing market, are looking to raise £150 million to assist in purchasing 100-200 properties in the UK to be focussed on 'supported housing' for specific groups with individual special needs. The council as an investor can buy the shares at par cost when the scheme is available to invest in, which is expected to be in late October 2019.

Whilst Officers have delegated powers to enter into such an investment under the Council's Treasury Management Strategy 2019/20, the Chief Finance Officer invites Members to express their views on the suitability of investing in the Fundamentum Real Estate Investment Trust.

2. **MAIN POINTS**

Fundamentum Property has a proven track record delivering professional services within the UK Social Housing market. They have built up strong relationships with numerous Housing Associations (HA's) Local Authorities (LA's) and Registered Providers (RP's), across the country.

By raising £150 million equity capital to purchase 100-200 properties around the UK, this will provide rental housing for a large number of vulnerable people who require social housing. Multi-year leases/management agreements with guaranteed income/occupancy are entered into by the Housing Association or Local Authority and houses are professionally managed by a Registered Provider, all of which are regulated by the Regulator of Social Housing (RSH).

The rental income will be received directly from the Registered Providers/Local Authorities as they are funded and supported by government agencies. A secured income stream from the rent received of around 5% per annum will be received by the Council as a return on the equity invested. As the rental agreements are long term this provides a certain return on the council's investment for some time.

3. **FINANCIAL IMPLICATIONS**

- 3.1. Officers are looking to invest £1m in this housing REIT which will provide future revenue streams of approximately £50,000 per annum. The monies are currently invested with Money Market Funds and short term deposits returning an average rate of 0.80% per annum. By diversifying the Council's investment portfolio even further, this eliminates potential credit losses and provides a much improved return on a social purpose investment.

4. **BACKGROUND PAPERS**

The Council approved the 2019/20 Treasury Management Strategy Statement a requirement of the Treasury Management Code of Practice which gives the Council the opportunity to invest in these types of investments.

(END)