

Service Investments / Loans & Guarantees

The council invests its surplus cash balances with approved financial institutions, predominately banks, building societies and other local authorities, in accordance with the council's Treasury Management Strategy as set out in Appendix 4. These funds support meeting our current and future obligations with regards to providing revenue services and delivering the capital programme.

The authority has other commercial investments which are expected to generate both a commercial and social return. For social investments, their primary purpose is to provide service benefits / social impact while the generation of yield and liquidity is secondary. These are commonly known as service investments / impact investments and are summarised below, except for investments and loans to the council's wholly owned subsidiaries that are detailed in Appendix 9.

Investment	Approved Budget (£m)	Type	Amount Invested (£m)	Amount Repaid (£m)	Amount O/S (£m)
Homelessness Property Fund	10	Share & Loan Capital	10	1.3	8.7
Temporary Accommodation Property Fund	4	Share & Loan Capital	3.5	-	3.5
City Funds LP	5	Loan Capital	4.1	-	4.1
Great Western Credit Union	0.5	Loan Capital	0.5	-	0.5
Bristol & Bath Regional Capital	0.3	Loan Capital	0.3	-	0.3
Avon Mutual Community Bank	0.3	Share Capital	0.3	-	0.3
Bristol Port Company	2.5	Share Capital	2.5	-	2.5

Note: To ensure the council's investment is protected, commercial information that could impact on an individual organisation will be managed sensitively.

1. Property Funds

The investment into these specific property funds is anticipated to generate a yield of circa 3% whilst also providing support and accommodation to address homelessness in Bristol.

Homelessness Property Fund

This fund acquired 99 properties in Bristol and surrounding areas that are managed by a local charity as private rented properties on assured shorthold tenancies with rents at Local Housing Allowance. The council has 100% nomination rights and places homeless households in these properties as a move on from Temporary Accommodation or as an alternative to Temporary Accommodation. The expected length of tenancy is 2 – 3 years and our charity partner supports tenants to move into other alternative private rented

accommodation enabling the council to house more homeless households in these properties.

Temporary Accommodation Property Fund

The council will be investing £4 million into this £6 million fund, of which £1 million will be funded by the council and the remaining £3 million funded by a central government grant. The fund will purchase 34 x 1 bedroom properties in Bristol to be used as supported move on accommodation for vulnerable single homeless households. The accommodation is Temporary Accommodation with support and clients can stay in the accommodation for up to 2 years.

City Funds LP

The council has approved investment of £5 million matched by Big Society Capital to create an invest fund of £10 million with a target yield of 4%. The aim of the fund is to provide loans to local communities that would seek to deliver outcomes within four priorities: No Child Goes Hungry, Economic Inclusion, Community Initiatives and Environmental Stability. The approved business plan and subsequent agreement anticipated that repayment of the investment would commence within 2023/24 (year 5). Following the initial delay to the start of the investment programme the repayment has been reprofiled and is now scheduled in the council's accounts to commence in the financial year 2024/25.

Great Western Credit Union

A loan of £0.5 million generating a return of 6% was approved by the council to allow the Credit Union to lever an additional £0.350 million from charitable and social investors to enable a new online platform, grow membership and provide more loans to people in the most deprived wards of Bristol who might otherwise borrow from high-cost lenders.

Bristol & Bath Regional Capital

To provide a loan to create a sustainable investment model for the region of Bristol.

Avon Mutual Community Bank

Purchase of foundation shares to explore the creation of a regional community bank with an inclusive finance ethos that supports the local community and economy.

Bristol Old Vic

The provision of a loan to fund the redevelopment of the theatre to support the performing arts within the city, repaid by regular instalments, the last one being February 2022.

Bristol Port Company

In 1991 the council sold a 150-year lease of the Avonmouth and Royal Portbury Docks to the Bristol Port Company, consideration including shares with a book value of £2.5 million. These shares generate, on average £2 million a year in dividends that supports the revenue budget. The estimated market valuation of this asset in the financial statements for the year ending 31 March 2022 was £28 million.

2. Guarantees

Bristol Energy (BE) Indemnity

Following the sale of Bristol Energy in 2020 a process began of entering the successor company, BE 2020 Limited into a members voluntary liquidation. The council granted an overarching indemnity of up to £7.3 million to cover all liabilities which may fall due as a consequence of the sale and orderly winding up of BE 2020. The indemnity remains in place until all transactions associated with the wind up are completed.

City Leap

Under the terms of the City Leap Share Purchase Agreement and Concession Agreement, standard business warranties have been given by the council, relating to key aspects of the former BHNL's business such as, accounts, tax warranties, breach of grant funding conditions, assets, contract and land ownership where parts of the heat network cross. The Council is also providing standard TUPE indemnities for transferring employees and standard contractual warranties for a range of other matters as set out in the Cabinet report dated 16 December 2022 within Exempt Appendix I (ii) due to their commercial sensitivity. An appropriate level of risks provision against the contingent liabilities outlined above is assessed annually and is captured within the council's capital investment reserve, and tapered as the associated liabilities fall away.