

MINUTES OF THE TREASURY MANAGEMENT AND INVESTMENT SUB COMMITTEE

held on 11 December 2023

Present:

Councillor C.K. Davidson (Chair)

Councillors K. Franks, S. Hall, and S. Sullivan

Also in attendance –

Councillors P. Clark, L. Foster, J. Hawkins, and A. Sosin

1. Apologies for Absence and Substitutions

Apologies were received from Cllr Whithead.

2. Minutes

The minutes of the meeting held on 16 October 2023 were agreed as a correct record and signed by the Chair.

3. Declaration of Interests

All Members were reminded to declare any Disclosable Pecuniary interests or other registerable interests where appropriate in any items of business on the meeting's agenda. None were made.

4. Public Question Time

No questions were asked or statements made.

5. Treasury Management & Investment Strategies 2023/24

The Sub-Committee received a draft report regarding the proposed Treasury Management and Investment Strategies for 2024/25 which would be taken to the Cabinet meeting on 23rd January 2024. Members were asked to review the draft report and recommend the Strategies for 2024/25 to Cabinet on 23rd January 2024 and then to Full Council on 21st February 2024.

The Sub-Committee heard that there was a priority order to the Council's investments priorities which were: security of capital; the liquidity of its investments; and yield. It was also advised that it was forecasted for interest rates to fall over 2023 to 2026, a decrease in the Bank of England's base rate to 4% by March 2025. However, interest in practice could be different and the Council would make decisions in 2024/25 based on the market rates prevailing at the time. Borrowing

would also be impacted by the forecast. It was identified that short-term borrowing of circa £7 million was expected to be needed at the end of March 2024 and £38 million in 2025/26. However, this was also dependant on the Council's capital spends and influx of cash from various developments by the Council.

Members were also informed that a target of a minimum of £5 million of liquid funds to manage cashflow had been set and that the Sub-Committee would also receive three reports per year regarding activity. It was also heard that the cash available for investment was expected to reduce and that a gross interest income of circa £1 million was expected for 2024/25. Members were also informed about treasury management indicators which would assist in measuring and managing the Council's exposure to Treasury Management risk in 2024/25.

Regarding the Investment Strategy, members heard that this would be same as last year's. It was advised that the Council would not acquire property for the primary purpose of yield as the Public Works Loan Board would not lend funds for this purpose.

In response to questions from the Sub-Committee and other members of the Council in attendance, it was advised that;

- Whilst some local authorities were cash-strapped due to various problems, it was advised that some Council's still had substantial cash holdings for short-term loans. This form of borrowing was likely to be the cheapest option for the Council.
- It was advised that the three existing TMISC meetings were sufficient for monitoring reports rather than reporting four times per year.
- Regarding challenger banks, it was advised against investing in challenger banks due to the extra risks they pose.
- Regarding a query in terms whether the Council was a retail investor or a professional investor and whether this impacted on investment decisions. The Council was deemed to be professional investor but, the Sub-Committee was advised that the £3 million investment limit of the Council was too small for many banks and other major institutions and that was key restriction on investment options.

The Sub-Committee were happy with the proposed strategies and agreed that they should be recommended to the Cabinet and then to Full Council.

RESOLVED that the Treasury Management and Investment Strategies be recommended to the Cabinet and to Full Council.

(6.00pm to 6.23pm)

Exclusion of the Public

Resolved that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for Item 6 on the grounds that it involved the likely disclosure of exempt information falling within paragraph 3 of Part 1 of Schedule 12A to the Act.

6. Non-Treasury Investments-Monitoring and Strategy Development

The Sub-Committee received a report providing them with an update in respect of the Council's non-cash investments, it also provided them with the agreed monitoring information on non-cash investments with a commentary on each asset. The Sub-Committee were also provided information on the acquisition of residential and commercial properties.

RESOLVED that the report be noted.

(6.23pm to 7.00pm)

7. Urgent Business

There were no matters of urgent business to discuss.

The meeting closed at 7.00pm.

Chair