

MINUTES

of the

TREASURY MANAGEMENT AND INVESTMENT SUB COMMITTEE

held on 22 June 2020 at 7.00pm

Present:

Councillor C.K. Davidson (Chair)

Councillors M.W. Bracken, D.J.R. Clark, P.H. Clark, J. Galley, A.B. Sosin, R.T Whitehead

1. Apologies for Absence and Substitutions

No apologies for absence were received.

2. Minutes

The minutes of the meeting held on 16 December 2019 were agreed as a correct record and signed by the Chair, with one typographical amendment to the final paragraph of Item 5.

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 Outturn Report 2019/20

The Sub-Committee considered a draft report to the Cabinet on 8 July 2020, regarding the Treasury Management Outturn for 2019/20. It was noted that under statute and the CIPFA code on Treasury Management, members were required to receive a report on the Treasury Management activities that took place on 2019/20.

The report contained a review of the overall Treasury Management functions including rates of return on investments in 2019/20. It was noted that during the year Treasury Management had operated within the Council's Policies and Prudential indicators, apart from one breach resulting in a negligible risk as reported to a previous meeting.

It was noted by the Committee that due to Covid-19 the CCLA fund had been impacted and would have a lower income as a result. Officers informed the Committee though that its

return would still be much higher than a cash investment. The Committee also noted the structural changes to the UK economy, including home working and online shopping, factors such as these would all be considered when looking at the CCLA fund. The Committee was informed that due to Covid-19 the Council were now looking at shorter term investments, in respect of cash flow being uncertain and these were often instant access funds. In summary, the Committee noted that the income would be below budgeted value in 2020-21 and would continue to be monitored.

In response to questions and comments from the Sub-Committee, officers noted that;

- The impact of structural changes to the UK Economy were under consideration and relevant advice was being regularly sought from the Council's Treasury advisers, Arlingclose.
- Further information on recent rent income would be available soon as it is paid quarterly on the CCLA fund and this would be considered.
- A new emphasis on shorter term accounts was being adopted but that did not mean funds such as the CCLA one needed to be sold. It was noted that liquidity was still available elsewhere
- Arlingclose were used to look at credit limits and assessments of credit worth.
- The limits on investments in other local authorities had been lowered and it was not the intention that these limits were ever used in full, the Council operated well under those limits.
- All funds, including the CCLA property fund were under regular review with Arlingclose and for now good returns were still being achieved. Some fluctuations were expected and they would continue to be monitored closely.
- At the next meeting in October, officers would present the latest information on the CCLA property fund and other investments.

RESOLVED that the Treasury Management Outturn Report for 2019/20 before the Sub-Committee be endorsed and recommended to Cabinet for approval.

(7.05pm to 7.35pm)

6. Non-Treasury Investment Strategy – Monitoring and Strategy Development

The Sub-Committee considered a report asking them to look at their work programme in light of the recent changes to its terms of reference. It was noted that the remit of the Sub-Committee had been expanded in respect of non-cash investments. The Sub-Committee was informed that the report had been designed to facilitate a discussion on what information was required. It was noted that the reporting processes would be the same as those for Treasury Investments, including comments being passed to the Cabinet. The Sub-Committee heard that the future reports should enable them to understand the risk profiles of the Council's other investments and would bring both cash and non-cash investments together for reporting purposes.

It was noted by the Sub-Committee that the Council do not actively seek properties for investments and instead were agile and reacted as opportunities arose. The Sub-Committee was informed that properties would only be purchased within the Council area and should

generate immediate income and provide sufficient yield levels. It was also noted that single let properties were preferred due to less complex lease arrangements. The Sub-Committee heard that the portfolio value stood at between £80 and £85 Million and generated £5m of income per year. It was also noted that this did not include properties owned for other purposes such as regeneration or operational. The Sub-Committee also heard that a preference to move away from retail properties had been undertaken with a focus on industrial and office properties.

In response to questions and comments from members it was noted that;

- Areas of the property portfolio that weren't solely for investment purposes, were regularly looked at by officers, this included for example operational buildings and parks. The Sub-Committee heard that these assets are held for the delivery of services for the Council and they were reviewed on a four-year basis, due to be completed later this year.
- The Council does not currently hold externally sourced debt secured against property assets.
- Business cases on specific investment opportunities would continue to be considered by the Cabinet. The Sub-Committee would be looking on a strategic basis rather than specific investments. This was in line with how the Council operated cash investment decisions.
- The non-investment properties owned by the Council were something the Sub-Committee could look at on an overview basis and a list of these could be prepared for a future meeting.

RESOLVED that;

1. the Sub-Committee agree the programme of work set out in the report and;
2. At the next meeting the sub-committee will receive an overview of properties not used solely as investment opportunities.

(7.36pm to 8.05pm)

7. Urgent Business

There were no matters of urgent business to discuss.

The meeting closed at 8.06pm.

Chair