

MINUTES

of the

TREASURY MANAGEMENT AND INVESTMENT SUB COMMITTEE

held on 20 October 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 22 June 2020 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 Mid-Year Review 2020-21

In accordance with the CIPFA Code of Practice the mid-year review of the Council's treasury management function and activities in 2020/21 was presented to the Sub-Committee. The review examined the position with the Council's investments at 31 August 2020 and compared treasury activity to the approved Treasury Management Strategy. The Sub-Committee was asked to consider whether any amendments to the Strategy were necessary and, if so, to recommend them to Cabinet on 17 November and then Full Council on 9 December 2020.

The Committee was informed by officers that no changes to the strategy were being recommended and were directed to the executive summary on page 11 of the agenda pack. It was noted that there had been no breaches of the strategy and all transactions had been compliant but that interest rates had fallen dramatically across the year. The Committee heard that no external borrowing had been required to fund the capital programme and

this had instead been achieved by using existing cash balances. The Committee was also informed that due to Covid there was some risk of the potential to need to borrow externally but this had not been the case yet. Officers also informed the Committee that some investments were now paying negative interest rates and at this time, Arlingclose had not recommended any new investments or disposals.

Councillor P Clark raised his concerns on the continued investment in the CCLA property fund whilst its valuation was down and its unrealised profits had also fallen. He also noted that the fund had been closed for 90 days during lockdown and therefore the Council would not have been able to withdraw its funds. He stated that he had always held concerns on the fund and the current figures demonstrated the risks involved in continued investment. Other members of the Committee also acknowledged the downturn in performance of the CCLA property fund but noted that this was unfortunately to be expected in the current climate and it was still a considerably better option, than some of the negative interest rates that were on offer elsewhere. It was also noted by other members of the Committee that it had still been providing an income whereas many other funds would not in the current financial climate. Members of the Committee also noted that it was not the Council's only treasury investment and did not represent a large part of the overall cash invested by the Council but if it had been then there could be a stronger argument for no longer investing in the fund.

Officers informed the Committee that it was correct the fund had not been performing as well as previously but it was a medium-term investment and the advice from the Council's Treasury advisors was to continue to hold funds and to ride out the current volatility. The Committee was informed that it was a balanced risk but at the current time this was the advice from the Council's Treasury advisors. Officers also confirmed that it was not a fund you could easily move in and out of due to penalty charges that would be applied as a result.

On being put to a vote, the majority of the Committee agreed the recommendations as detailed in the report. Councillor P Clark voted against the recommendations.

RESOLVED that;

1. the Treasury Management Mid-Year Review report be recommended to Cabinet and;
2. that no changes are made to the Treasury Management Strategy.

(7.03pm to 7.21pm)

6. Urgent Business

There were no matters of urgent business to discuss.

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 7 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.

7. Non-Treasury Investments – Monitoring and Strategy Development

The Committee considered a report, providing an update in respect of the Council's non-cash investments, following on from the initial discussion at the meeting in June 2020 on the topic. The report detailed the information agreed as monitoring criteria in June 2020 along with a brief update on all sales and purchases from the Council's other property holdings and a list of the Council's assets and valuations.

The Committee agreed that the information had been very useful and would allow them to monitor the area effectively. It was noted though that some assets had not been included, it was therefore agreed that officers would clarify what the list detailed and that it had not been intended to be a comprehensive list of all assets. It was noted that this would be clarified at the next meeting.

RESOLVED that

1. the report and appendices be noted and;
2. further clarity to be provided at a future meeting on which assets are included for monitoring.

(7.22pm to 7.40pm)

The meeting closed at 7.40pm.

Chair