

## MINUTES OF THE TREASURY MANAGEMENT AND INVESTMENT SUB COMMITTEE

held on 18 October 2021 at 7pm

Present:

Councillor C.K. Davidson (Chair)

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

1. **Apologies for Absence and Substitutions**

Apologies for absence were received from Cllr B Knight.

2. **Minutes**

The minutes of the meeting held on 21 June 2021 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 2021/22**

In accordance with the CIPFA Code of Practice the mid-year review of the Council's treasury management function and activities in 2021/22 was presented to the Sub-Committee. The review examined the position with the Council's investments at 31 August 2021 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 16 November and then Full Council on 8 December 2021.

The Sub-Committee was informed by officers that no changes to the strategy were being recommended and were directed to the executive summary on page 8 of the agenda pack. It was noted by the Sub-Committee that no breaches of the strategy had occurred and that despite low investment rates, there was some hope that they were beginning to increase. The Sub-Committee also heard that the Council had an average yield on its portfolio of 0.67% at the end of August 2021 and that the budgeted income from investment returns was £290k. It was noted that due to the three diversified income funds this was now expected to be exceeded by at least

£150k. The Sub-Committee was also reminded to expect some fluctuations to capital values but that these three funds should provide much higher returns than cash funds over the longer term. Officers also informed the Sub-Committee that more short term cash was being held than last year but that this would be expected to change as interest rates picked up. It was also noted that there was no need for external borrowing and that officers had been updating cash flow projections to identify any possible needs to borrow. It was also noted that the CCLA property fund had increased by £0.5m since February 2021.

In response to a question from a member of the Sub-Committee, it was noted that higher levels of liquidity had occurred due to less capital spend due to the pandemic alongside grant money still coming in from the government.

RESOLVED that the Treasury Management Outturn Report for 2020/21 before the Sub-Committee be endorsed and recommended to Cabinet for approval.

*(6.02pm to 6.08pm)*

6. [Verbal Update on Change to PWLB borrowing rules and CIPFA Treasury Management Code of Practice](#)

The Sub-Committee received a short verbal update from officers on recent changes to PWLB borrowing rules and the draft CIPFA Treasury Management Code of Practice. It was noted that a verbal update rather than a written report was being provided due to the changing interpretation of the guidance nationally and this allowed officers to provide the latest information. The Sub-Committee heard that the new CIPFA code had only just been published and was being consulted on till the end of December. The Sub-Committee also heard that the changes were quite complex but did not have a significant effect on activity for the Council, compared to others.

The draft CIPFA Code implied that many Councils might have greater restrictions placed on the use of long-term investments. However, the code is in draft and it is currently felt likely that increased restrictions will not be included when a final code is produced. The Sub-Committee heard that the new PWLB rules are to prevent local authorities from borrowing to invest in commercial assets. The rules try to clarify what is permissible borrowing using 11 examples. It was noted that the change of emphasis, was due to concerns that there are some local authorities who are taking on too much financial risk when borrowing to invest in assets for commercial yield.

The Sub-Committee thanked officers for the verbal update and it was agreed that a written report would be provided to the next meeting, once the position was clearer.

RESOLVED that

1. a written update be provided at the next meeting and;
2. the report be noted.

*(6.09pm to 6.19pm)*

### 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 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 thanked officers for the comprehensive detail provided.

RESOLVED that the report be noted.

*(6.20pm to 6.29pm)*

### 8. Urgent Business

There were no matters of urgent business to discuss.

The meeting closed at 6.30pm.

Chair