

## MINUTES OF THE TREASURY MANAGEMENT AND INVESTMENT SUB COMMITTEE

held on 16 October 2023

Present:

Councillor C. Davidson (Chair)

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

Also in attendance –

Councillor P. Clark

### 1. Apologies for Absence and Substitutions

No apologies were received for this meeting.

### 2. Minutes

The minutes of the meeting held on 19 June 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 public questions nor statements were received for this meeting.

### 5. Treasury Management Mid-Year Review 2023/24

In accordance with the CIPFA Code of Practice the mid-year review of the Council's treasury management function and activities in 2023/24 was presented to the Sub-Committee. The review examined the position with the Council's investments on 31 August 2023 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 Cabinet and then Full Council.

It was summarised that that there were no breaches of the 2023/24 Treasury Management Strategy. Due to the higher-than-expected interest rates and cash balances, investment income is estimated to be £1 million more than the budget for 2023/24. Members were also advised that the Council remains internally borrowed.

There had been no changes made to the holdings of investment funds. No changes to the Treasury Management Strategy were recommended for 2023/24.

The Sub-Committee was advised that a forecast by officers identified that the Council would have to borrow externally at the end of year. However, if there was significant slippage of capital programme expenditure, which there usually was, then external borrowing might not be necessary. If the Council did need external borrowing, it was advised that this was currently expected to only be made via short duration loans. Regarding the investment fund holdings, it was noted that the returns were disappointing due to the current economic circumstances. Members were informed that the mixed market funds were expected to improve in value as interest rates plateaued and fall over the medium-term. The S151 officer advised that the holdings of Council investment funds are continually reviewed by officers. The review of funds by officers had highlighted that current holdings might not necessarily be suitable going forward. The operational decision as to how invest Council funds within the approved strategy was a matter for the S151 officer but that Sub-Committee would be informed of the S151 current review.

There were some views and concerns expressed about the property fund investment. The illiquid nature of the fund, the economic environment and national weakness in many local authorities' finances could mean the property fund may not be a good investment for the City Council going forward. There were specific concerns raised, one being that considering the number of S114 notices nationally that liquidity of a fund holding should be a greater priority and that property fund was therefore a concern. The Sub-Committee expressed the view that the S151 officer should review of the property fund holding and inform committee members of the outcome.

In response to the Sub-Committee's questions and concerns, the S151 officer advised that;

- There were always risks with the CCLA and any of the funds. The property fund had delivered value to the Council. The CCLA property fund had currently an unrealised profit and has produced for the City Council over the time it has been held an additional income above cash of over £2 million.
- That nothing was ruled out and that there were pros with regards to holding on the funds and this was always the case. These funds were under continuous review and officers were specifically looking at the property fund.
- With regards to the diversified funds, it was advised that the capital value was expected to return thus changes to these holdings was much less likely currently.
- A further formal update would be forwarded in the December TMISC meeting.

**RESOLVED** that the Treasury Management Mid-Year Review for 2023/24 before the Sub-Committee be endorsed and recommended to Cabinet for approval.

*(6.08pm to 6.38pm)*

## 8. Urgent Business

There were no matters of urgent business to discuss.

Officers have identified training opportunities for members. Members were offered either a two-hour training that would be organised outside of the TMISC meetings or a forty-five-minute training which would be a basic overview and would be done just before a meeting.

Members **AGREED** to the two-hour training session in person. Officers would then look at the availability and to organise the training session.

The meeting closed at 6.44pm.

Chair