

MINUTES

of the

TREASURY MANAGEMENT SUB-COMMITTEE

held on 17 December 2018 at 10am

Present:

Councillor G.B.R. Knight (Chairman), Councillor J Galley and Councillor R.H. Ambor

1. **Apologies for Absence and Substitutions**

There were no apologies for absence.

2. **Minutes**

The minutes of the meeting held on 22 October 2018 were confirmed as a correct record and signed by the Chairman.

3. **Public Question Time**

There were no questions from members of the public.

4. **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.

5. **Treasury Management Strategy 2019/20**

The Sub-Committee considered a draft report to the Cabinet on 29th January 2019 regarding the proposed Treasury Management Strategy for 2019/20. Members were asked to review the draft report and recommend a Treasury Management Strategy for 2019/20 to Cabinet on 29th January 2019 and then Full Council on 27th February 2019.

The Sub-Committee was informed that an approach had been developed which would allow some increased risks but still be of a prudent approach. The Sub-Committee heard that that the training session from the Council's Treasury Advisors Arlingclose had been informative and had informed them of possible routes. It was noted that the current investments had not always kept pace with inflation and that new approaches would help to achieve a yield in line with or above inflation. The Committee noted that the approaches needed to deliver a good yield but still be secure.

The Sub-Committee heard that one of the options detailed in the new draft strategy was that of investing in multi asset funds. The Sub-Committee was informed that these were of a higher risk but would be expected to deliver higher yields in response. It was noted that due to the unrealised gains in the CCLA property fund there was in effect a buffer of £1.6 million in place to help mitigate any possible risks. The Sub-Committee heard that the proposed strategy set out the amounts that could be invested in different areas and officers stated that the figures were subject to change prior to the Cabinet meeting in January due to a potential property purchase.

The Sub-Committee heard that for now the figures included as part of revenue monitoring were based on current yields and hadn't yet been adjusted in line with the draft approach. It was noted that multi asset funds were designed for longer term investment as this allowed a higher return, therefore if for liquid purposes any short-term borrowing was required this would likely be at low rates through other local authorities.

The Sub-Committee heard that multi asset funds were normally invested in for three to five years. A member of the Sub-Committee stated that the proposed strategy would allow the Council to choose from a wider range of funds than they can currently. Officers informed the Sub-Committee that the proposed ideas had resulted from advice and discussions with Arlingclose and were not seen as too high risk. It was also noted that the proposed change in approach had not been considered previously due to the nature of the Council's capital programme including the Riverside Redevelopment where funds were needed in easy to access funds for liquidity purposes. The Sub-Committee heard that the proposed approach would help to keep investments in line with or above inflation and a balance between risk and reward would be developed. Officers also informed the Sub-Committee that due to the volatile nature of the markets currently, once the new strategy was agreed in April 2019 the markets would be looked at closely before making any new investments.

A member of the Sub-Committee suggested that officers ask Arlingclose to study and track similar funds between now and April to be able to demonstrate the possible results over a period of time, the Sub-Committee agreed that this would be beneficial. Members confirmed that they were happy with the proposed Strategy.

RESOLVED that;

1. the draft Treasury Management Strategy for 2019/20, set out in the report before the Sub-Committee, be endorsed and recommended to Cabinet and Council for approval and;
2. officers ask Arlingclose to monitor and track some multi asset funds to provide further information on them to the Council.

(10.01am to 10.16am)

6. **Urgent Business**

There were no matters of urgent business brought before the Sub-Committee.

The meeting closed at 10.16am.

Chairman