

**EXECUTIVE, RESOURCES AND CONTRACTS
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Minutes of the meeting held at 7.00 pm on 7 February 2019 (extract)

Present:

Councillor Simon Fawthrop (Chairman)
Councillors Gareth Allatt, Julian Benington,
Nicholas Bennett J.P., David Cartwright QFSM, Ian Dunn,
Robert Evans, Will Harmer, Christine Harris,
Christopher Marlow, Russell Mellor, Michael Rutherford,
Stephen Wells and Angela Wilkins

Also Present:

Councillor Graham Arthur, Portfolio Holder for Resources,
Contracts and Commissioning
Councillor Colin Smith, Leader of the Council
Councillor Gary Stevens, Executive Assistant, Resources,
Contracts and Commissioning

**114 RESOURCES, COMMISSIONING AND CONTRACTS
PORTFOLIO - PRE-DECISION SCRUTINY**

The Committee considered the following reports where the Resources, Contracts and Commissioning Portfolio Holder was recommended to take a decision.

**a TREASURY MANAGEMENT - ANNUAL INVESTMENT
STRATEGY 2019/20 AND QUARTER 3 PERFORMANCE
2018/19
Report FSD19018**

The Committee considered a report summarising Treasury Management activity during the third quarter of 2018/19. The report also presented the Treasury Management Strategy and the Annual Investment Strategy for 2019/20, which were required by the CIPFA Code of Practice for Treasury Management in the Public Services to be approved by the Council. The report also included prudential indicators and the Minimum Revenue Provision (MRP) Policy statement, both of which required the approval of the Council.

In response to questions from Members, the Director of Finance confirmed that a minimum of investment grade was the main principle governing investments. The Director of Finance emphasised however that Officers would not simply rely on the fact that an organisation was investment grade, external professional advice would also be sought and consideration given to the current credit rating.

In respect of the cost to the Council of advice from LINK Asset Solutions, the Director of Finance confirmed that the Council paid approximately £9,000 per annum (following the meeting the Director confirmed that the precise cost was

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£9,700 per annum). LINK Asset Solutions were able to provide up-to-date checks that were not available from credit reference checks undertaken by the Council, they also had access to information that the Council was unable to access locally and the company also undertook analysis and were able to provide a degree of comfort for the Local Authority surrounding its investments.

In relation to lending to Local Authorities, the Director of Finance explained that the fact that Local Authorities were considered part of Government made them a more secure investment as in order to maintain the reputation of local government there would be a mechanism to honour any debt in the event of the financial failure of the organisation. The Director of Finance also explained that a 1 or 2 year view was taken and this provided an element of security.

In response to a question concerning whether more should be invested in Housing Associations in light of the high rate of return, the Director of Finance reported that he always advised a gradual approach. If further investments were to be made Officers would return to Members with proposals.

The Director of Finance confirmed that corporate bonds were an option that was available to the Council. The advice from LINK Asset Services would be considered as this would highlight any risks of which the Council should be aware. A Member highlighted that it was possible to lose capital value on corporate bonds.

The Committee noted that the Council was expecting to recover the full capital sum (£5,087k) from the Heritable Bank investment although it was taking time to recover the funds.

RESOLVED: That the Portfolio Holder be recommended to:

- 1. Note the Treasury Management performance for the third quarter of 2018/19;**
- 2. Recommend that Council approves an increase in the limit to £50 million for investments with Housing Associations;**
- 3. Recommend that Council agrees that the Treasury Management Strategy be amended to clarify that only the ring-fenced components of Royal Bank of Scotland be included for future investments; and**
- 4. Recommend that Council agrees to adopt the Treasury Management Statement and the Annual Investment Strategy for 2019/20, including the prudential indicators and the Minimum Revenue Provision (MRP) policy statement.**