



Treasury Management Committee

11:00 to 13:15

14 November 2022

Present: Councillors Kendrick (in the chair), Driver (substitute for Councillor Stutely), Price, Waters and Wright

Apologies: Councillor Stutely (other council business)

In attendance: Annabel Scholes, Executive Director of Corporate and Commercial Services
Neville Murton, Interim Head of Finance, Audit and Risk
Chris Scott, Director, Link Group (consultant)
Robert Mayes, Corporate Finance Business Partner
Caroline Knott, Senior Technical Accountant

1. Declarations of interest

There were none.

2. Treasury Management Workplan

(This report was published and circulated in advance of the meeting as part of a supplementary agenda.)

The Executive Director of Corporate and Commercial Services introduced the report. Members were advised that although the committee's terms of reference stated a minimum of three meetings a year, the work plan showed that four meetings would be required. It was proposed that training for members would be "just in time" training throughout the year.

During discussion members considered the proposed workplan and, noting the technical nature of treasury management, agreed to the proposal for "in time" training. It was noted that this worked well for the Norfolk County Council's Pensions Committee. A member commented that it was important that the committee fulfilled its function but welcomed that meetings would be kept to a minimum.

The Executive Director of Corporate and Commercial Services said that treasury management was key to the budget setting process and the Medium Term Financial Strategy (MTFS). The Corporate Finance Business Partner and Senior Technical Accountant were experienced in treasury management and that advice was provided

by external consultants (Link Group), to ensure that information on financial markets and economic factors were up to date. The Treasury Management Strategy was set by members and provided the strategic framework that officers worked to on a day-to-day basis. Members were provided with updates on treasury management activity through the Treasury Management Outturn report and the Mid-Year review report. Members could contact officers for information as required between the formal reporting arrangements.

During discussion on the committee's terms of reference, Councillor Price asked for clarification as the Cabinet Member for Resources was in the chair when the Leader of the Council was present. Councillor Waters said that he considered that it was more appropriate that the Cabinet Member for Resources chaired this committee as treasury management was within their portfolio. Advice had been sought from the Head of Legal and Procurement (Monitoring Officer) who had advised that the Constitution she could make this amendment under delegated powers.

A member raised the issue that the committee meeting was being held in public but was not being live streamed. The Executive Director of Corporate and Commercial Services said that she welcomed members' feedback on this issue, but a decision had been taken not to broadcast this meeting because a limited part of the agenda was to be held public, it was an advisory committee and was a pressure on resources. The chair said that he was comfortable that this committee was not livestreamed. Councillor Price moved and Councillor Wright seconded that future meetings of the committee were live streamed, and on being put to the vote with 2 members voting in favour, and 3 against the motion was lost.

Councillor Waters commented that this committee provided its five members with an opportunity to work through issues which would then inform discussion on treasury management at Cabinet and full Council.

RESOLVED to:

- (1) agree the workplan and note that dates for the Treasury Management Committee to meet will be circulated in due course;
- (2) note the Terms of Reference at Appendix 1, subject to:
 - (a) the Monitoring Officer being asked to amend the Constitution to reflect that meetings of the committee will be chaired by the Cabinet Member for Resources, and if not available by the Leader of the Council:
 - (b) meetings being held in public but not live streamed or recorded for publication on the council's website.

(Following discussion, members agreed to amend the order of the agenda to take the training items next to provide clarity and information, prior to considering the "Draft Treasury management Mid-Year Review Report" (included in the supplementary agenda papers).)

3. Link Group – Economic Update

Chris Scott, Director, Link Group, presented the slides and answered members' questions. (The slides are available on the council's website and e-Councillor.)

4. Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of items 5 and 6 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

5. Link Group - Implications of the New Treasury Management and Prudential Codes (paragraph 3)

Chris Scott, Director, Link Group, presented the slides and answered members' questions. (The slides are available on e-Councillor.)

6. Link Group – Treasury Management Member Training (paragraph 3)

Chris Scott, Director, Link Group, presented the slides and answered members' questions. (The slides are available on e-Councillor.)

(The committee then returned to public session.)

7. Draft Treasury Management Mid-Year Review Report 2022/23

The Interim Head of Finance, Audit and Risk presented a summary of the report which sets out the council's treasury management position on 30 September 2022. He commented that the council's investment priorities were SLY (Security of capital, Liquidity of capital and Yield). The income target of £220,000 for investment interest income had been exceeded, with a return of £533,739 of actual interest being achieved to the end of September. The projection for the remainder of the year was that £2.6m could be achievable. There had been a significant increase in returns for the year due to higher interest rates being available than had been previously forecast in the early part of the year. There were no treasury management breaches to report against the council's counter party list or any of the prudential indicators.

During discussion, the committee noted that the council had additional external borrowing of £262.299m, of which £211,907m related to the Housing Revenue Account (HRA). As members had identified, £51m would need to be paid back to the Public Works Loan Board (PWLB) next financial year. Members were advised, in accordance with the Treasury Management Strategy, and due to the volatility of the interest rates and a rising interest rate forecast, that there were no plans to refinance the loans.

The report sets out the Link Group's interest rate forecasts as the Bank of England potential financial market interest rate returns and the forecast PWLB borrowing rates based on information to September 2022. It was noted that this was now out of date following the changes in the Bank of England base rate. The report also covered the changes to the Prudential Code and the impact that this would have in relation to loans and debts, and risks associated with commercial properties.

Councillor Price referred to paragraph 12 of the report and moved that the officers should focus on ESG (environmental, social and governance) investments. Discussion ensued in which other members welcomed ESG investments but acknowledged that investment properties were not readily available. Therefore, the motion, having no seconder, failed.

RESOLVED, with Councillor Price abstaining from voting, to recommend that cabinet:

- (1) notes the contents of the report and in particular the treasury management activity taken in the first six months of the 2022/23 financial year;
- (2) proposes that this report be considered and agreed by full Council.

CHAIR