

TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 11th June 2021.

PRESENT: Councillors Bourne, Cooper, Elias, Jones and Langton

ALSO PRESENT: Councillor Farr

1. ELECTION OF CHAIR FOR 2021/22

Councillor Bourne was elected Chair of the Sub-Committee for the 2021/22 Municipal Year.

2. MINUTES OF THE MEETING HELD ON THE 15TH JANUARY 2021

Subject to the heading of Annex 1 to the minutes (capital, investment and treasury management strategy) being corrected to "Investment Sub-Committee – 15th January 2021 (as opposed to 2020) the minutes were agreed as a correct record.

3. SUMMARY INVESTMENT AND BORROWING POSITION AT 31 MARCH 2021

The investment analysis at Appendices A and B was presented. The format had been refined since the previous meeting and Members were invited to make suggestions for any further improvements.

The accompanying report explained that, following advice from the Council's treasury advisers (Link Group), the refinancing of a £4.25m Housing Revenue Account PWLB loan due at the end of March 2021 had not been applied. Instead, the loan was being financed by internal borrowing from the General Fund, saving approximately £80,000 in full year of loan payment costs.

Members were also updated in respect of the previous decision to cease the reinvestment of Funding Circle proceeds and to withdraw funds as loans were repaid. As at 31st March 2021, £1.1m of the principal investment had been returned. While the Sub-Committee had previously agreed to reinvest the returned proceeds into the Schroders, UBS and CCLA funds, the monies had, instead, been used to support the Council's cashflow in light of the challenges imposed by the pandemic. The Funding Circle proceeds could now be utilised for medium term investment purposes and the report advocated that Link, the Council's treasury advisors, be engaged to undertake a fund manager selection process to identify optimum invest vehicles in line with the Council's objectives. This would be beyond the scope of the existing treasury management contract and would incur an additional charge of £8,500. The process would take 4-6 weeks and would involve a questionnaire to all fund providers, culminating with a selection process based on the returns submitted.

Nazmin Miah, Associate Director of Link Market Services, joined the meeting via Zoom to explain the proposed treasury investment review process. She clarified that this would cover the whole of the c.£12 million portfolio and, notwithstanding the fact that the portfolio had been performing satisfactorily to date, would enable the Sub-Committee to exercise due diligence by identifying optimum investment vehicles in line with emerging plans and priorities.

Nazmin Miah and the Chief / Deputy Chief Finance Officers responded to Members' questions, including an explanation of the Council's current treasury management contract with Link.

Regarding the Recommendation B of the report, the Sub-Committee considered that the term 'high yielding' should be removed. Councillor Jones also proposed an amendment to clarify that Link would be engaged to review the whole of the Council's treasury investment portfolio (not just the reinvestment of Funding Circle proceeds) and that the investment strategy to be identified by Link would be presented to the Sub-Committee for consideration. This was agreed.

It was noted that the Sub-Committee's next scheduled meeting was not until the 5th November 2021. It was therefore agreed that an additional meeting be scheduled for September 2021 in order to consider Link's findings in order to expedite the matter.

RESOLVED – that:

- A. the Council's investment and borrowing position at 31st March 2021, as set out at Appendices A and B, be noted;
- B. authority be delegated to the Section 151 Officer to manage the Council's investment portfolio who, in turn, will discharge this function to our treasury advisers, Link Group, who would undertake a Fund Manager selection process to identify, and recommend to the Investment Sub-Committee for agreement, an updated short, medium and long term investment strategy aligned with the Council's financial plan; and
- C. an additional meeting of the Sub-Committee be scheduled for September 2021 to consider the strategy referred to in B above.

4. INVESTMENT PROPERTY UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

The accompanying report advised Members about the performance of the Council's property investment portfolio; updated valuations of the three properties owned by Gryllus Property Limited; and asset management activity being undertaken in respect of the all of the properties concerned.

RESOLVED – that the Council's recent and proposed property asset management activity be noted.

Rising 11.35 am