

INVESTMENT SUB-COMMITTEE

Minutes of the virtual meeting of the Sub-Committee held on the 21st May 2020 at 5.30 p.m.

PRESENT: Councillors Elias (Chair), Bourne, Davies, Jecks and Jones.

ALSO PRESENT: Councillors Allen, Farr and Sayer.

1. MINUTES

The minutes of the meeting held on the 24th January 2020 were approved as a correct record.

2. DECLARATIONS OF INTEREST

Councillor Jecks declared that he:

- is a non-executive director of UBS Asset Management UK Limited; and
- chairs two other committees regarding investments for which CCLA is the fund manager.

These did not amount to disclosable pecuniary interests under the Members' code of conduct and Councillor Jecks remained in the meeting.

SUB-COMMITTEE DECISIONS ***(under powers delegated to the Sub-Committee)***

3. SUMMARY INVESTMENT AND BORROWING POSITION

The investment analysis at Appendices A and B was considered, together with fact sheets for the four funds within the Council's treasury investment portfolio.

Reports regarding the finances of Gryllus Property Limited were requested for future meetings. Officers confirmed that a financial analysis of the company's acquisitions could be circulated to Sub-Committee members before the next meeting. The Sub-Committee was also advised that the company's audited accounts for 2019/20 would be finalised shortly.

At its previous meeting, the Sub-Committee agreed that the redemption proceeds from Funding Circle loans should not be automatically re-invested in further loans but should, instead, be regularly withdrawn from Funding Circle and invested elsewhere within the Council's treasury portfolio (in equal portions), namely 25% to each of the following funds:

- CCLA (diversification fund)
- CCLA (property fund)
- Schroders bond fund
- UBS multi-asset fund

£294,000 had since been withdrawn from the original Funding Circle investment but had not yet been reallocated. The Sub-Committee now wished to exclude the CCLA property fund from the reallocation arrangement and considered that the available liquidity from redeemed Funding Circle loans should only be invested in the other three funds, i.e. one-third to each.

RESOLVED – that

- A. the Council's investment and borrowing position at 31st March 2020, as set out at Appendices A and B, be noted;
- B. the individual factsheets for the long-term investments be noted;
- C. the current statement of investment beliefs be noted; and
- D. upon redemption of the Council's current Funding Circle loans, the monies be reallocated to the following funds (one-third to each):
 - CCLA (diversification fund)
 - Schroders bond fund
 - UBS multi-asset fund

4. EXCLUSION OF THE PUBLIC

RESOLVED – that members of the press and public be excluded from the meeting for the consideration of the item covered by Minute 6 below because:

- (i) it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972 (i.e. information relating to the financial or business affairs of any particular person); and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5. PROPERTY INVESTMENT UPDATE

The Sub-Committee considered a report about recent property investment activity, including the impact of the Covid-19 pandemic upon the Council's portfolio and a spreadsheet showing a selection of property acquisitions by other councils since March 2019.

On the 28th November 2019, the Strategy & Resources Committee resolved that Gryllus Property Limited should proceed with the purchase of two properties, identified within the associated (confidential) report as properties A and B, "*following completion of due diligence undertaken in accordance with Financial Regulation 17 on such terms as the Chief Executive and Section 151 Officer, in consultation with the Leader of the Council or Deputy Leader and Chair or Vice Chair of the Strategy & Resources Committee and members of the Investment Sub Committee, consider prudent*".

The Sub-Committee was advised that due diligence in respect of the abovementioned 'property B' was nearing completion. An acquisition business case was also presented.

Opposing views were expressed as to whether the Council should be investing in commercial property in the wake of the Covid-19 pandemic and representatives of the Independent and OLRG Alliance Group did not support recommendations B and C below.

RESOLVED – that

- A. the Council's property investment activity be noted;
- B. the Sub-Committee supports officers' continued investigations into potentially suitable investments; and
- C. the Sub-Committee supports officers to proceed with the purchase of 'property B', subject to the conditions agreed at the meeting.

Rising: 6.45 p.m.

Note: On the 8th June 2020, the Chief Executive advised the Leaders of the three main political groups that, in view of the uncertainty arising from the Government's consultation into the role of the Public Works Loan Board (PWLB) and the financing of commercial property investments, the Council should not proceed with the purchase of 'Property B'. Consequently, Resolution C above has not been actioned.