

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 21 January 2021 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Abraham, Bayley, Carroll, Clack, Clayton, Penny Cole, Harrison, Hogarth and Reay

80. Minutes

Resolved: That the Minutes of the meeting of the Committee held on 21 October 2020 be approved and signed by the Chairman as a correct record.

81. Declarations of Interest

No additional declarations of interest were made.

82. Actions from Previous Meeting

There were none.

83. Update from Portfolio Holder

The Portfolio Holder gave an update on the Council's financial position in light of the COVID-19 pandemic. The Council was in a strong financial position and the Portfolio Holder was confident that the Council would have the resources to continue to serve the community. The budget setting process had been condensed but was not yet complete as the calculation of tax base setting and tax setting still needed completing.

The Council would respond to the open consultation on the proposed Right to Regenerate as it posed the risk of not allowing the Council to engage in placemaking and regeneration within the district.

On behalf of the Committee, the Portfolio Holder noted and thanked Cllr Reay for his apologies for the previous meeting.

In response to queries, Members were advised that the Council was currently delivering the latest scheme of grants to businesses following the recent lockdown restrictions.

The Committee requested their vote of thanks to be recorded to all staff involved in distributing business grants to acknowledge their hard work.

84. Referral from Cabinet or the Audit Committee

There were none.

85. Discretionary Rate Relief

The Business Rates Manager presented the report which advised that the Council required potential recipients of discretionary rate relief to submit a formal application every two years, and set out the proposals for awarding discretionary rate relief for 2021/2022 to ratepayers who had already submitted an application, or who were expected to have submitted an application by 1 March 2021.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that the proposals for granting relief from business rates for 2021/2022 as set out in Appendix B to the report, be approved.

86. Treasury Management Strategy

The Principal Accountant presented the report which advised that the Local Government Act 2003 (the Act) and supporting regulations required the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. The Act therefore required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). The report set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Annual Investment Strategy remained largely the same as for 2020/21 with the addition of Bond, Property, Equity and Multi-Asset Funds as an alternative investment option. The effect of the proposals set out in the report allowed the Council to effectively and efficiently manage cash balances. In line with the revised CIPFA Code of Practice on Treasury Management, the Annual Treasury Strategy Statement had to be considered by Council and this was planned for its meeting on 23 February 2021. Given the current uncertainties in the financial markets and the implications of Brexit, the Council may need to consider amending its strategy during the year.

It was clarified to Members that there were currently no plans to invest in the new alternative investment options and further advice would be sought from the treasury advisors.

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Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet to recommend to Council, that the Treasury Management Strategy for 2021/22, be approved.

87. Financial Performance Indicators 2020/21 - to the end of November 2020

The Head of Finance presented the report which presented figures on nine internally set performance indicators covering activities that supported information provided in the regular financial monitoring statements. The Head of Finance drew attention to particular areas including sundry debts and treasury management.

Members queried if the COVID-19 pandemic had any impact on the average number of days to process a change in circumstances for Housing Benefit.

Action 1: The Head of Finance to report to Members if there had been any impact from COVID-19 on the average number of days to process a change in circumstances for Housing Benefit (monthly) (LPI_HB04).

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted

88. Financial Results 2021/21 - to the end of November 2020

The Head of Finance presented the report which set out the year-end position at the end of November which was forecast to be an unfavourable variance of £22,000. The increase in expenditure or income losses which related to COVID-19 totalled £3.1m, representing 19.9% of the net service expenditure totalling £15.581m.

It was noted that a tenant went into administration as result of COVID-19, which was reflected in the unfavourable variance of £96,000 on investment property income. In response to queries, Members were advised this case was not covered by insurance.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

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- a) the report be noted; and
- b) it be suggested to Cabinet that insurance against property income loss be considered further.

89. Property Investment Strategy Update

The Deputy Chief Executive and Chief Officer, Finance & Trading presented the report which provided an update on the progress of the Property Investment Strategy to date and looked at the future direction of the strategy.

The Property Investment Strategy had been approved by Council on 22 July 2014, to support the aim of the council becoming more financially self-sufficient as Government Support continued to reduce. The acquisitions to date had helped the Council achieve this aim. The report also provided an update on those acquisitions.

The Government's Spending Review in November included changes to the Public Works Loan Board (PWLB) lending terms and were intended to stop councils that invested primarily for yield from borrowing from the PWLB. These changes would be monitored and might impact on the Council's future ability to undertake property investments. In a changing property market, it was important to review the criteria of the strategy on a regular basis. In acknowledgement of the position with Government Support and the continued low returns on investment of reserves, further investment in the Property Investment Strategy, if allowable, would continue to ensure that the Council remained financially self-sufficient.

Council had agreed that £50m could be spent on the strategy over four tranches and including the Sennocke Hotel, £31m of which had been spent.

Members asked questions and discussed the possible changes to the strategy criteria.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the report be noted; and
- b) the following changes to the Property Investment Strategy be recommended to Cabinet

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- i) all asset categories be included in the strategy subject to appropriate due diligence and ensuring no asset class exceeds 20% in total value of the approved funding; and
- ii) the location of potential investments be expanded to all of England.

90. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.07 PM

CHAIRMAN

