

**AUDIT AND GOVERNANCE COMMITTEE
HELD ON 30 NOVEMBER 2020
(FROM 5.30 PM TO 6.18 PM)**

PRESENT: Councillor Steven Jackson in the Chair. Councillors John Ennis, Michael Harrison, Alex Raubitschek and Matthew Webber.

Late arrivals: None

Early Departures: None

18/20 – **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:**

No apologies were received.

(5.34 pm)

19/20 – **DECLARATIONS OF INTEREST:** No declarations of interest were made at the meeting.

(5.34 pm)

20/20 – **MINUTES:** The Minutes of the meeting of the Committee held on 14 September 2020 were approved as a correct record.

(Three Members voted for the motion and there were two abstentions.)

(5.35 pm – 5.36 pm)

21/20 – **EXEMPT INFORMATION:** Appendix A to the report considered at Minute 26/20 was considered to be exempt by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. Discussion on the item took place in open session.

(5.36 pm)

22/20 – **PUBLIC ARRANGEMENTS – QUESTIONS:** There were no public questions to consider under Standing Order 27.

(5.37 pm)

MATTER TO BE CONSIDERED BY COUNCIL

23/20 – **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY - MID-YEAR REVIEW 2020/21:** The Financial Services Manager (FSM) submitted a written report, the Treasury Management Strategy Statement and Annual Investment Strategy - Mid-Year Review 2020/21. The Treasury Management Statement and Annual Strategy had been approved by Council on 4 March 2020. Receiving the mid-year review report ensured compliance with the Council's financial regulations and the Chartered Institute for Public Finance and Accountancy codes of practice.

The report contained an economic overview and updated information relating to capital expenditure and financing, including borrowing. It was confirmed that there was no planned external borrowing in 2020/21. The FSM asked Members to note

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that the Public Works Loan Board (PWLB) consultation referred to in paragraph 7.18 of the report had been completed. This had resulted in the rate of borrowing, for general fund borrowing, being reduced by one per cent. However, the PWLB would no longer lend to any authority that planned to buy investment assets primarily for yield anywhere in their capital plans, regardless of whether there were additional sources of finance other than the PWLB.

The average yield for cash investments was around 0.4% which was low but reasonable given the Bank of England base rate. The Bank of England rate had remained unchanged since March 2020 at 0.1% and advisors were forecasting this would remain unchanged until 2023. This low rate could be beneficial in terms of any external borrowing but would result in smaller income returns. Property fund returns were around 3.5% for the first half of the year. The FSM concluded by stating that there was some uncertainty around performance for the remainder of the year and overall there was an anticipated shortfall of investment income of around £150k, due to the impact of COVID-19 on the economy.

RECOMMENDED (UNANIMOUSLY):

That the Committee note the content of the report.

(5.37 pm – 5.43 pm)