



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Virtually on Monday 18 January 2021 at 2.00 pm

Members Present: Mr F Hobbs (Chairman), Dr K O'Kelly (Vice-Chairman), Miss H Barrie, Mr J Brown, Mr A Dignum and Mr P Wilding

Officers present: Mark Caplow, Tony Whitty, Stephen James,

56 **Chairman's Announcements**

Apologies for absence had been received from Cllr David Palmer.

57 **Approval of Minutes**

The minutes of the meeting held on 26 November 2020 were agreed as a correct record.

58 **Urgent items**

There were none.

59 **Declarations of Interest**

There were no declarations of interest relating to business to be transacted on the agenda.

60 **Public Question Time**

There were no questions submitted by Members of the Public.

61 **2021-2022 Draft Treasury Management Strategy and Policy and Investment Strategies and Capital Strategy Update**

The Chairman introduced Mr Mark Caplow to the meeting to introduce the report which included The Council's Treasury strategy and the Draft Capital Strategy. An updated Appendix, Appendix 2.A had been circulated separately which outlined an economic update provided by the Councils treasury advisor. The reports highlighted the Council's high level capital and financial intentions, providing a summary of the Council's long term investment priorities over the medium term. Members were advised a glossary of terms had also been included for reference in addition to details of the key changes from the previous year listed in Appendix 1.

The following points were highlighted:

- a. The £24m limit on total investment in Money Market Funds (MMF) was removed for 2021-22. This limit was originally introduced to recognize that MMF all make similar underlying investments and therefore increasing the total amount in these funds may not increase underlying diversification. However, as MMFs are now a key tool to manage credit and liquidity risks in the current economic climate this limit had been removed.
- b. Limit of funds invested under the same management increased from £6m (£10m for the LAPF) to £15m, being 25% of expected investment values. This was due to effects of being outside of the EU.
- c. The 'comply of explain' approach had been added to investments based on institutions being a signatory to the UN Environment Finance Initiative's (UNEFI) Principles for Responsible Banking/ Investment.
- d. It was further highlighted that both documents had been updated to reflect the Council's wider Climate Change action plan and strategy. This meant the introduction of community municipal bonds and supporting carbon reduction across the district.

In response to questions and comments from Members it was advised that:

- Following the economic difficulties faced nationally in 2018 the Council took the decision to change from funding revenue from investment income to funding capital from investment income.
- The Council would have the option to invest in Climate Change Mitigation, as set out in the report, of up to £20m.
- Preference would be given to placing investments with banks or institutions that have demonstrated significant interest in sustainability by being a signatory to the UN Environment Finance Initiative's (UNEFI) Principles for Responsible Banking/ Investment. This requirement did to apply to the UN public sector.
- The wording of the report would be amended to read "whilst ESG is a desirable objective for treasury investing, it must be ranked behind security, liquidity and yield, as dictate by statute".
- Figures detailed on page 18 provided information on forecasted cash balances.
- The Members expect that the Council's Corporate Plan priorities reflect the Environmental aspirations of the Council.

Following discussion it was RESOLVED that:

- a. the Committee considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2021-22;
- b. the Committee considers the Council's Capital Strategy for 2021-22 to 2025-26;
and
- c. That the documents in 2.1 and 2.2 are recommended to Cabinet and Council for approval.

62 Internal Audit - Audit Plan Progress

The Chairman invited Mr Stephen James to the meeting to introduce the report.

An update was provided on the key changes that had taken place since the last update. It was advised that 4 points from the Audit plan had been deferred to the next year. It was also advised that the land charges audit, relating to documenting the decision making process for and charges, had been deferred. This was because there had been no changes, however an audit would take place as and when any changes did take place.

Audits that had been completed included Payroll, Council tax & NDR and HR recruitment.

The Committee agreed to note the report.

63 Exclusion of the Press and Public

It was not necessary to resolve to exclude the press and public from the meeting.

64 Late items

There were no late items.

The meeting ended at 2.52 pm

CHAIRMAN

Date: