

**(7) MEMBER QUESTIONS**

The following Question has been submitted, and a response provided, as follows:-

(1) From Councillor RW Dutton to Councillor LR Wilkins, Chairman of Audit Committee

Given the amount that the Council has now invested in 'pooled funds', with the corresponding exposure to market risk, should there not be a formal bi-annual meeting chaired by the responsible Cabinet Member to review the portfolio and, if appropriate, to change the 'Investment Brief' given to the Council's advisers in the light of the then current market conditions; investment performance; and any change in the Council's appetite for risk? At the present time the view can be taken that there is a disproportionate emphasis on obtaining running yield when the emphasis should be more on maximising total return, commensurate with risk (i.e. running yield plus/minus capital gain/loss realised or unrealised). It is also noted that some of the funds are disproportionately invested in overseas fixed interest securities which some may not consider appropriate destinations for UK local authority funds.

Response from Councillor Wilkins

The Terms of Reference of the Audit Committee includes responsibility for oversight of the Council's Treasury Management Strategy and implementation of that Strategy. The Audit Committee comments upon the draft Treasury Management Strategy for the forthcoming year before it is approved by full Council in February each year. In addition, the Audit Committee receives a mid-year and a year-end Treasury Management performance report which includes details of pooled funds held during the financial year.

With regard to the current portfolio of pooled investment funds, the Council's treasury advisors, Arlingclose, attended a meeting with the Audit Committee in January 2018 where the diversification of £10 million for cash investments into pooled funds was approved. The Committee was consulted on the range of pooled funds selected for subsequent investment. The pooled fund investments are long-term investments which aim to achieve a sustainable revenue return for the Council whilst maintaining capital value over the longer term (accepting that the value of investments can go down as well as up over the short term).

The use of the Audit Committee to oversee Treasury Management investments provides access to a range of experience and views which is not possible with the suggested bi-annual meeting with the Cabinet Member.

Notes:

- (i) If the questioner is present at the Meeting, he will be entitled to ask one supplementary question in relation to each question submitted - which must arise directly out of either the answer given or the original question.
- (ii) The Member to whom any supplementary question is addressed will try and answer any supplementary question at the Meeting; but if this is not possible, then the Member will answer as much as possible at the Meeting and then provide a full response within five working days. If, for any reason, a full response cannot be provided within those five days, then a holding response will be sent to the questioner, along with the reason for delay and a likely timescale for the full response.

(END)