

## **Item 5(c) – Investment Strategy 2011/12**

### **Policy and Governance Committee’s Recommendation to Cabinet**

At its meeting on 16 November 2010 the Policy and Governance Committee considered the matter as follows:

The Chairman clarified that despite discussion in the Finance Advisory Group, paragraph 27 points 3 and 5 implied the limit on investments would be the lower of the 25 percent and £5 million limits. Calculations should also be based on the total value of the fund at the time of investment.

*Action: The Head of Finance and Human Resources to adjust the wording to clarify the position for recommendation to the Council*

The Portfolio Holder for Finance and Value for Money raised concerns about this wording and said it would be difficult to place investments. The Finance Manager told Members current investments would not fit into the policy as currently suggested. The Portfolio Holder for Finance and Value for Money warned that falling reserves meant the 25 percent restriction would make most investments impractical. The Chairman recommended further changes if reserves fell further because the changes were important. The Vice-Chairman reminded the meeting that current restrictions of 15% already made investment difficult so changes must be made.

The Director of Corporate Resources said it was important to follow the treasury advisors’ advice on the length of investments. In response to questions he also said that the economic background in the report had been provided by the Council’s treasury advisers, Sector Treasury Services.

*Action: The Head of Finance and Human Resources agreed to check whether Sector had produced an update to its information on the economic background and to present it when the matter is discussed at Cabinet.*

*Action: Officers agreed to insert “...as per Sector” in the title to the document on the economic background to make the source of this opinion clear.*

Resolved: That the Cabinet be recommended to recommend that the Council approve the Annual Investment Strategy as set out in the report and agreed changes.

*This matter was also considered by the Cabinet on 13 December 2010 and the minute from that meeting will be available at the Council meeting.*

