

**Minutes of Treasury Management Sub-Committee Meeting
Of the Lower Severn (2005) Internal Drainage Board
Held Wednesday 7th November 2018 at 3.15 pm
At the Gables Hotel, Falfield**

Present: Ald C Williams Chairman
Mr M Barnes
Mr J Nichols
Cllr M Riddle
Martin Dear Accounts Officer AO
Sue Williams Minutes

2763.	<p>Election of Treasury Sub-Committee Chairman The AO invited nominations for the post of Sub-Committee Chairman.</p> <ul style="list-style-type: none"> • Ald C Williams was elected Chairman of the Sub-Committee for the ensuing year. 									
2764.	<p>Apologies/Welcome There were no apologies. The Chairman welcomed Mr Barnes to his first the Treasury Sub-Committee meeting.</p>									
2765.	<p>Declaration of Member's Interest No interests were declared.</p>									
2766.	<p>Minutes of the Previous Meeting</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • The minutes of the 5th September 2018 meeting be approved as a true and accurate record. 									
2767.	<p>Cash Deposits Following the last Sub-Committee meeting the AO had closed the deposit accounts as agreed and had approached the challenger banks to make deposits as outlined in minute 2708.</p> <p>He reported that he had not made the deposits as intended, this was due to the banks not recognising the LSIDB within the FSCS protection scheme.</p> <p>According to the FSCS definition of a small authority, the LSIDB did not qualify and therefore any deposits the Board made would not be protected under the FSCS scheme.</p> <p>The AO asked the Committee how they wished to proceed.</p> <p>Mr Nichols suggested the four main clearing banks would be the most secure place to invest cash deposits.</p> <p>The AO had obtained some interest rates for the Sub-Committee's information. He explained banks other than Nat West would need to have a current account opened together with a deposit account these may attract small bank changes.</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Lloyds</th> <th style="text-align: center;">NatWest</th> </tr> </thead> <tbody> <tr> <td>32-day notice account @ 0.75%</td> <td>35-day notice account @ 0.55%</td> </tr> <tr> <td>3 months fixed @ 0.7%</td> <td>3 months fixed @ 0.57%</td> </tr> <tr> <td>6 months fixed @ 0.75%</td> <td>6 months fixed @ 0.67%</td> </tr> </tbody> </table>	Lloyds	NatWest	32-day notice account @ 0.75%	35-day notice account @ 0.55%	3 months fixed @ 0.7%	3 months fixed @ 0.57%	6 months fixed @ 0.75%	6 months fixed @ 0.67%	
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	<p>Mr Nichols suggested that it would be rational to use a short notice account as it was generally felt that interest rates would rise. He asked the AO how many accounts did he have time to administer.</p> <p>The AO explained it took time to set up an account and would be easier to administer fewer accounts. He suggested that if the Sub-Committee were assured that clearing banks would not be allowed to fail by government, the Board would be exposed to no more risk using just one bank that using more.</p> <p>The Chairman said the AO needed flexibility.</p> <p>Mr Nichols suggested that the Board use two banks and keep an eye on the interest rates offered by the other banks.</p> <p>The Chairman clarified that the two accounts suggested by Mr Nichols were in addition to the existing deposit account operated at NatWest used for the working capital which attracted a small amount of interest.</p> <p>It was resolved that:</p> <ul style="list-style-type: none"> • Two or three new deposit accounts be opened in addition the existing NatWest Direct Reserve. • The AO to have the flexibility to allocate £500,000 between the accounts to attract the best return. • The maximum fixed term to be no more than 6 months. 	<p><u>Action 1</u> Open Deposit Account with clearing banks to invest £500,000</p>
<p>2768.</p>	<p>Treasury Management Policy The AO explained that as a result of the decision to not use Challenger Banks the Treasury Management Policy approved by the Board in June 2018 (minute 2684 refers) would need to be updated. A draft would be prepared for the next Treasury Sub-Committee meeting to be held 13th March 2019.</p>	<p><u>Action 2</u> To update Treasury Management Policy</p>
<p>2770.</p>	<p>Smith Williamson Investment Mr Nichols requested that Smith & Williamson in future provide a comparison of the 66% equity performance to the MSCI World Index, as this had out performed Smith & Williamson in the last year, with less risk as the investment was spread further.</p> <p>The Chairman asked the AO to enquire whether it was possible to provide that information as an additional performance indicator.</p>	<p><u>Action 3</u> AO to ask Smith & Williamson to provide additional performance indicator</p>
	<p>The meeting closed at 3.45 pm</p>	