

## **Review Committee Task and Finish Group – 15 July 2014**

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Minutes of the meeting of the **Review Committee Task and Finish Group** held on 15 July 2014 when there were present:-

Chairman: Cllr M Hoy

Cllr R R Dray

Cllr C G Seagers

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr J R F Mason.

### **OFFICERS PRESENT**

M Petley	-	Senior Accountant
P Gowers	-	Overview and Scrutiny Officer
M Power	-	Committee Administrator

## **1 TERMS OF REFERENCE**

Members noted the terms of reference, as follows:-

To scrutinise the Treasury Management reports on behalf of the Council.

## **2 TREASURY MANAGEMENT ANNUAL REVIEW 2013/14**

Members considered the Treasury Management Annual Review report of the Head of Finance seeking the Committee's views before it is presented for approval by Full Council on 29 July 2014.

In response to questions, the following was noted:-

- A Treasury Management advice service is provided to the Council by Capita at a cost of £6,000 per annum. Capita provides this service to most of the Councils in Essex. The Council is not obliged to take the advice offered by Capital, although it generally does; however, local knowledge is also useful. Capita provides a daily bulletin showing the latest interbank rates, advice on borrowing and a credit rating service in respect of banks and building societies. Capita offers different levels of service, including a total treasury management service at an increased cost. The Capita contract allows for an increase each year of no more than the cost of inflation. The contract includes staff training courses.
- The Council's operation of its treasury management service is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) code.
- The Council's £500,000 Lloyds TSB investment that had matured in April 2014 had been used to pay the Council's pension fund contributions for the next three years. The £1.5 million Lloyds TSB investment, which had a maturity date of 29/8/14, would be used to fund new waste vehicles under

the SITA recycling contract. It was queried whether the resulting saving in interest from not having to borrow to purchase the vehicles could be regarded as an investment return.

- Tenders had been received in respect of the contract to provide a banking service for the Council. The Braintree procurement hub had written the contract specification; the scoring system was detailed in the tender document. The only cost to the Council if the bank were to be changed would be in officer time, as staff training in the new systems is included in the tender price.
- The sharp drop in interest rates in September 2013 was mainly due to the two Lloyds TSB investments being placed at a lower rate than had been originally achieved.
- Certain financial institutions had been removed from the list that the Council will deposit funds with, due to low credit ratings; these had since been restored to the list. Because it provides financial advice, Capita is regulated by the Financial Services Authority (FSA).
- The Council's capital programme and daily cash flow are regarded separately.
- There would be no advantage in investing the Council's funds jointly with those of other Councils as it is unlikely that a higher rate of return would be achievable and it would be difficult to maintain a good cash flow situation.

### **Resolved**

That the contents of the Treasury Management Annual Review be recommended to Council.

The meeting closed at 8 pm.

Chairman .....

Date .....

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