

Review Committee Task & Finish Group – 27 January 2015

Minutes of the meeting of the **Review Committee Task & Finish Group** held on **27 January 2015** when there were present:-

Chairman: Cllr M Hoy

Cllr R R Dray
Cllr C G Seagers

Cllr J R F Mason

VISITING MEMBER

Cllr S P Smith

OFFICERS PRESENT

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

1 MINUTES

Minutes of the meeting held on 25 November 2014 were agreed as a correct record and signed by the Chairman.

2 TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT 2015/16

Members considered the report of the Head of Finance on the Council's Treasury Strategy for Borrowing and Investment.

In response to questions the following was noted:-

- There will be a need for financing borrowing in the years 2015/16 onwards. The borrowing options available to the Council include: obtaining a loan from the Public Works Loan Board (PWLB), buying Municipal Bonds or funding capital expenditure via internal borrowing. Members asked to be advised if, in respect of loans taken out with the PWLB, there is an option to repay the loan early and, if so, does this mean having to pay the interest for the term of the loan in full.
- It is anticipated that the £1.8 million needed for the purchase of the waste vehicles can be funded by internal borrowing; however, if favourable rates can be achieved via the Municipal Bond Agency it might be preferable to borrow the money externally. It has not yet been determined which route the Council will choose: a decision will be made based on rates at the time. Members asked to be advised of how quickly a loan would take to come through following an application.

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- The Council's capital spending programme is determined as part of the budget process, which is agreed by Full Council each year. At the point when payment is due the Chief Finance Officer will decide on the method of financing to be used. It was suggested that a procedure setting out this process would be useful.
- The Council's assets are reviewed on a regular basis to ensure that they are being managed in the most appropriate and efficient way.
- As requested by the Task and Finish Group, a benchmarking exercise had been undertaken to compare Rochford District Council's (RDC) investment performance with that of other Councils in Essex. Of a total of 12 authorities contacted, five responses had been received. In respect of the quarter three 2014/15 figures, RDC had achieved an average interest rate return of 0.68%, compared with Castle Point Borough Council (0.41%), Maldon District Council (0.57%), Southend-on-Sea Borough Council (only quarter 2 figures available) (0.48%), Uttlesford District Council (0.34%) and Chelmsford City Council (1.4%) (however, Chelmsford City Council has three long-term investments that are due to mature, which has resulted in a marked increase in performance). (It was noted that some authorities use fund managers to make all investment decisions.) The authorities that have not responded will be contacted again for this information.
- It would be unlikely to be economically advantageous to increase the level of service provided by Capita (currently RDC uses the basic service at an annual cost of £6,000). Capita's Relationship Manager discussed this as part of the recent Member training session. Council staff make investment decisions themselves (with reference to advice from Capita), thus developing expertise, which is useful for the Council.
- Information on the potential for the Council to invest in Property Funds was requested.
- It was requested that a table be included in future Treasury Management reports to the Review Committee to show the notional cost to the authority of borrowing funds internally, in comparison with external borrowing.

Resolved

- (1) That the Treasury Management Strategy statement and Annual Investment Strategy including the investments instruments, indicators, limits and delegations contained within the report be noted.
- (2) That the Capital Expenditure Forecasts be noted.
- (3) That the Minimum Revenue Provision Policy for 2015/16 be noted.

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- (4) That the Authorised Limit and Operational Boundary for external debt as laid down in the report be noted.
- (5) That the information requested, as detailed above, be provided to the Task and Finish Group.
- (6) That the contents of the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2015/16 be recommended to Full Council.

The meeting closed at 8.07 pm.

Chairman

Date

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