

Review Committee Task & Finish Group – 14 July 2015

Minutes of the meeting of the **Review Committee Task & Finish Group** held on **14 July 2015** when there were present:-

Chairman: Cllr J H Gibson

Cllr J C Burton

Cllr R R Dray

OFFICERS PRESENT

M Petley - Senior Accountant
P Gowers - Overview and Scrutiny Officer

3 MINUTES

Minutes of the meeting held on 27 January 2015 were agreed as a correct record and signed by the Chairman.

4 TREASURY MANAGEMENT ANNUAL REVIEW 2014/15

Members considered the Treasury Management Annual Review report of the Assistant Director, Resources seeking the Committee's views before it is presented for approval by Full Council on 28 July 2015.

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. The Council is not obliged to take the advice offered by Capita, who provide a daily bulletin showing the latest interbank rates, advice on borrowing and a credit rating service in respect of banks and building societies. The contract was last renewed in January 2014 and is for a 5 year period.
- Capita are currently forecasting that the bank base rate will start to rise from October 2015. Capita benchmark themselves against other financial institutions with regard to the forecasts that they supply and the current forecast would look to be in line with the Governor of the Bank of England's comments quoted in the media recently.
- During last year there was a further amount of £500,000 invested for a period of 8 months. This matured in February 2015 and the money was put towards the purchase of the new waste vehicles under the SITA recycling contract. There are currently 7 vehicles waiting to be delivered, at a cost of £275,558; the total cost for all waste vehicles procured is £2,385,447. All of the vehicles have been paid for using the Council's cash balances. An overdraft of £2,000,000 was arranged with Lloyds Bank for a period of 6 months at a cost of £5,000, to cover any shortfalls in the cash balances. This overdraft has been used four times and will expire when the investment with Lloyds Bank matures.

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- When the current investment of £1,500,000 matures in August 2015 consideration will have to be given to the Council's cash flow requirements and to the likely increase in future interest rates, which means that investments are likely to be more short term.
- The Authority sees regular income from Housing Benefit subsidy, Council Tax income and Business Rate income. The fluctuations in total investments are linked to where the Authority has accumulated funds prior to the 19th of each month, when it has to pay its preceptors, such as Essex County Council, the Fire Service, Essex Police and Parish Councils, and Council employee wages.
- The average sum invested has reduced during the year and this reduction will continue until potentially available balances run out; the Authority would then have to borrow unless further income streams are developed.
- The Capital programme was set by the previous S151 officer; this was developed from bids submitted by the previous senior management team. The redesign has meant the delivery dates for some projects have been put back; these projects are being looked at by the new management team in conjunction with the finance team to see if they are still needed.
- Earmarked capital expenditure cannot be used for revenue expenditure but revenue expenditure can be used for capital purchases.
- The situation with Greece and the Euro is of concern and can influence investment yields. At the current time the Authority does not have any direct exposure to any Greek banks but if the situation continues it could have an effect on the Banks the Authority currently invests with. Currently, Capita provides a risk measure on the Authority's investments on a monthly basis and at the current time this is not showing any adverse risk.

The Members of the Task & Finish Group asked for two changes to be made to the report stating:-

- That the Assistant Director, Resources liaises with the Portfolio Holder for Finance.
- That the value of the returns obtained with Capita advice is based on benchmarking with other Authorities.

Resolved

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

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The meeting closed at 8.30 pm.

Chairman

Date

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