
Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Treasury Management Sub-Committee** held on **Monday 17 July 2017** at **10.30 am** in the **Mayor's Parlour, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sarah Broughton

David Roach

Patricia Warby

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance

This being the first meeting of the Treasury Management Sub-Committee since the Council's AGM on 18 May 2017, the Democratic Services Officer (Scrutiny) opened the meeting.

53. **Substitutes**

There were no substitutes declared.

54. **Apologies for Absence**

There were no apologies for absence received.

55. **Election of Chairman**

Councillor Patricia Warby nominated Councillor Sarah Broughton as Chairman. This was duly seconded by Councillor David Roach, and with the vote being unanimous, it was

RESOLVED:

That Councillor Sarah Broughton be elected Chairman of the Sub-Committee for 2017-2018.

Councillor Sarah Broughton then took the Chair for the remainder of the meeting.

56. **Minutes**

The minutes of the meeting held on 16 January 2017 were confirmed as a correct record and signed by the Chairman.

TMS.SE.17.07.2017

57. **Public Participation**

There were no questions/statements from members of the public.

58. **Annual Treasury Management Report (2016-2017) and Investment Activity (1 April to 30 June 2017)**

The Sub-Committee received Report No: TMS/SE/17/003 which:

- (a) Presented the Council's Annual Treasury Management Report, summarising the investment activities for the year 2016-2017; and
- (b) Provided a summary of the investment activities for the first three months of the 2017-2018 financial year.

(a) Annual Treasury Management Report 2016-2017

The Council's Annual Treasury Management Report for 2016-2017 was attached as Appendix 1 to Report No: TMS/SE/17/003. The report included tables which summarised the interest earned during 2016-2017 on the various treasury investments held by the Council; investment activity during the year and investments held as at 31 March 2017.

The budgeted income from investments in 2016-2017 was £277,484 (average rate of return of 0.90%). Interest actually earned during the year totalled £417,358 (average rate of return of 0.763%); an overachievement in interest of £139,876, but an under achievement of 0.137% on average rate of return.

The over achievement of interest earned was primarily due to higher cash balances being held during the year than originally budgeted for.

The Council in February 2005, agreed to establish the Interest Equalisation Earmarked Reserve to help smooth out the fluctuations in returns.

The Sub-Committee scrutinised the Annual Treasury Management Report 2016-2017 and asked questions to which responses were provided.

It was the proposed by Councillor David Roach, seconded by Councillor Sarah Broughton and with the vote being unanimous, it was

RECOMMENDED:

That the Annual Treasury Management Report 2016-2017, attached as Appendix 1 to Report No: TMS/SE/17/003, be approved.

(b) Investment Activity 1 April to 30 June 2017

The total amount invested at 1 April 2017 was £46.35m and at 30 June 2017 £50.90m. The increase in balances over this period was due primarily to timing differences in respect of collection of local taxes; Council Tax and Non-Domestic Rates and payments of precepts i.e. to Suffolk County Council, Suffolk Police and central government.

The 2017-2018 Annual Treasury management and Investment Strategy Statements sets out the Council's projections for the current financial year. The budget for investment income in 2017-2018 was £253,000 which was based on a 0.55% target average rate of return on investments.

As at end of June 2017, interest earned during the first quarter amounted to £80,717 (average rate of return 0.607%) against a profiled budget of £63,250 (average rate of return 0.55%), creating a budgetary surplus of £17,467. The surplus was due to the Council holding higher cash balances than originally projected when the budget was set in February 2017, and the prudent use of mid to long term investments that achieved a slightly higher rate of return.

The Sub-Committee scrutinised the Investment Activity for 1 April 2017 to 30 June 2017, and asked questions to which responses were provided. In particular discussions were held on the low borrowing rates which were currently available; and the Council's budgetary surplus / overachievement in income, which it acknowledged was mainly due to the capital programme where large balances were held for large complex projects and the timing of payments linked to those projects.

There being no decision required, the Sub-Committee **noted** the quarter one investment activity.

59. Date of Next Meetings

The Sub-Committee **noted** that the next meetings of the Sub-Committee would be held on Monday 20 November 2017 and Monday 22 January 2018. Both meetings to commence at 10.30am.

The Meeting concluded at 10.47am

Signed by:

Chairman
