

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Treasury Management Sub-Committee** held on **Monday 20 November 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

Substitutes attending:

Andrew Smith

By Invitation:

Ian Houlder, Portfolio Holder for Resources and Performance

60. **Substitutes**

The following substitution was declared:

Councillor Andrew Smith for Councillor Patricia Warby.

61. **Apologies for Absence**

Apologies for absence were received from Councillor Patricia Warby.

62. **Minutes**

The minutes of the meeting held on 17 July 2017 were confirmed as a correct record and signed by the Chairman.

63. **Public Participation**

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

64. **Mid-Year Treasury Management Report 2017-2018 and Investment Activity (1 April to 30 September 2017)**

The Sub-Committee received Report No: TMS/SE/17/004, which provided a summary of investment activities for the first six months of 2017-2018.

The total amount of budgeted income from investments for the period 1 April to 30 September 2017 was £126,500 (average rate of return of 0.55%). Interest earned during the period totalled £155,841, an over-achievement of

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interest of £29,341 and an over-achievement of 0.025% on the average rate of return.

The over-achievement of interest earned over this period was primarily due to higher cash balances being available for investment than expected. The increase in balances were due to timing differences in the respect of the collection and payment of local taxes and national non-domestic rates (NNDR) and other revenue work streams, and underspends relating to the budgeted capital programme.

It was predicted that interest earned would exceed the originally budgeted figure by approximately £26k, mainly due to higher cash balances as the predicted average rate of return remained at 0.55%.

The mid-year report also included a request to revise the "Red" % of portfolio limit from 35% to 50%. This was due to the majority of banks now having a Sector Colour Code rating of "Red" (there were no longer any Purple or Blue UK banks and only two Orange UK banks). The maximum investment with any one "Red" institution would remain at £11m.

The Sub-Committee scrutinised the investment activity for 1 April to 30 September 2017, and asked questions to which officers duly responded.

The Sub-Committee noted the Council had earned more in interest due to higher cash balances held, and this could change in future due to recent changes in interest rate.

Members discussed the request to revised the "Red" % of portfolio limit from 35% to 50% and raised some concern that there were no longer any purple or blue UK banks.

In response to a questions raised relating to the Council's main treasury advisor Capita regarding when its current contract expired, and how much the council paid Capita for its advise, the Service Manager agreed to provide a written response.

The Sub-Committee also discussed the summary of funds held, and noted that the Council had to hold a General Funds Reserve of £3m, and questioned whether this was a graduated amount depended on the size of the authority, to which the Service Manager agreed to provide a written response.

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

RECOMMENDED:

That subject to the approval of Council, the Mid-Year Treasury Management Report 2017-2018, including the change to the Annual Treasury Management and Investment Strategy and associated Code of Practice, attached as Appendix 1 to Report No: TMS/SE/17/004, be approved.

65. **Date of Next Meeting**

The Sub-Committee **noted** that the next meeting of the Sub-Committee would be held on Monday 22 January 2018, commencing at 10.30am.

The Meeting concluded at 10.50 am

Signed by:

Chairman
