

Council



Forest Heath
District Council

Title of Report:	Referrals Report of Recommendations from Cabinet	
Report No:	COU/FH/18/003	
Report to and date:	Council	21 February 2018
Documents attached:	Appendix 1: Cabinet Report No: CAB/FH/18/014 'Overarching West Suffolk Growth Investment Strategy, Governance and Delegation'	

(A) Referrals from Extraordinary Cabinet: 9 January 2018

There are no referrals emanating from the Extraordinary Cabinet meeting held on 9 January 2018.

(B) Referrals from Cabinet: 13 February 2018

1. Treasury Management Report 2017-2018 and Investment Activity (April – December 2017)

(These referrals have been compiled before the meeting of Cabinet on 13 February 2018 and are based on the recommendations contained within each of the reports listed below. Any amendments made by Cabinet to the recommendations within these reports will be notified to the Council meeting)

Portfolio Holder: Cllr Stephen Edwards

[Report No:](#)
[CAB/FH/18/009](#)

**Performance and Audit
Scrutiny Committee:**

[Report No:](#)
**[PAS/FH/18/008](#) and
[Appendix 1](#)**

RECOMMENDED:

That the Treasury Management Report 2017-2018 for the period 1 April 2017 to 31 December 2017, attached at Appendix 1 to Report No: PAS/FH/18/008, be approved.

1.1 Following the Performance and Audit Scrutiny Committee's consideration of Report No: PAS/FH/18/008, which includes a summary of the investment activities during the period 1 April to 31 December 2017 at Appendix 1, the Cabinet is being asked to recommend approval of the third quarter Treasury Management Report 2017/2018.

1.2 Below is a summary of those investment activities:

INTEREST EARNED & AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£135,750	£86,730	- £49,020
Average Rate of Return	0.75%	0.61%	- 0.14%

- The purchase of the Solar Farm last year, continues to have a knock on effect on the funds available for investment (as we used cash balances instead of external borrowing to fund the purchase), this in turn has reduced the interest earned this year.
- The reduced average rate of return is due to the continuing low Bank of England base rate and resulting low of interest rates offered by institutions. In addition as the Council now holds less funds, we have fewer longer term investment which are the investment that generate the higher rates of return.
- As at 31 December 2017, the Council held £19,955,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
Opening Balance 01 April 2017	18,005,000
Investments made during the year (including transfers to business reserve accounts)	26,300,000
Sub Total	44,305,000
Investments realised during the year (including withdrawals from business reserve accounts)	24,350,000
Closing Balance 31 December 2017	19,955,000

Summary of Funds held	
Fund	£
Revenue Reserves*	14,649,947
Capital Receipts Reserves*	2,758,970
General Funds Reserve	2,000,217
Cash flow Balances	545,866
Total Value of Investments	19,955,000

* these funds will be utilised through the Council's 5 year financial planning period

1.3 Below is a summary of the borrowings and temporary loans as at 31 December 2017:

BORROWINGS AND TEMPORARY LOANS		
Lender / Loan number	Balance outstanding	Maturity date

BORROWINGS AND TEMPORARY LOANS		
Lender / Loan number	Balance outstanding	Maturity date
Barclays Loan	£4,000,000	31 March 2078
1557	£1,000	7 Days Notice
1735	£1,000	7 Days Notice

- 1.4 Members may view the full report and its Appendix on the Council's website via the above links or may request a paper copy from Democratic Services.

2. Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/18/010](#)

**Performance and Audit
Scrutiny Committee:**

Report No:
[PAS/FH/18/009](#);
[Appendix 1](#); [Appendix 2](#); [Appendix 3](#);
[Appendix 4](#)

RECOMMENDED: That

- 1. The Updated (December 2017) Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes, be adopted.**
- 2. The Treasury Management Policy Statement and Investment Strategy 2018-2019, as set out in Appendix 1 and 2 to Report No: PAS/FH/18/009, be approved.**
- 3. The Treasury Management Code of Practice 2018-2019, as set out in Appendix 3 and 4 to Report No: PAS/FH/18/009, be approved.**

- 2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management required that, prior to the start of the financial year that Council formally approved an Annual Treasury Management and Investment Strategy, setting out the Council's Treasury Management Policy and Strategy Statements for the forthcoming year.
- 2.2 The proposed Treasury Management Policy Statement and Investment Strategy 2018-2019, was attached as Appendix 1 to Report No: PAS/FH/18/009.
- 2.3 In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Note, which had been incorporated into the new 2018-2019 Strategy.

The main changes to the Strategy are as follows:

- the four clauses to be formally adopted have been updated
- an additional section has been added for 'investments that are not part of treasury management activity'

The main changes to the Code of Practice are as follows:

- Introduction – updated to reference new CIPFA Treasury Management Code 2017
- Definitions – updated to include 'investments' definition
- Requirements for operation of the code – removed section as duplicated elsewhere in the Code of Practice or in Treasury Management Policy Statement and Investment Strategy
- Treasury Management Policy Statement – removed section as duplicated in Treasury Management Policy Statement and Investment Strategy
- Treasury management Practices
 - TMP 1 general statement – updated to reference due diligence
 - TMP 1 all the subsections have slightly updated wording
 - TMP 1 (5) Inflation Risk – has been renumbered previously TMP1 subsection (9)
 - Previous Market Risk Management TMP has been replaced with TMP 1 (9) Price Risk Management and has updated wording
 - TMP 4 – updated with sentence about use of derivatives and compliance with MiFID II
 - TMP 6 – addition paragraph regarding regular monitoring reports
- Section added for 'investments that are not part of treasury management activity' – links to the new requirement for a Capital Strategy

2.4 Members may view the full report and its Appendices on the Council's website via the above links or may request a paper copy from Democratic Services.

3. Budget and Council Tax Setting: 2018/2019 and Medium Term Financial Strategy 2018-2022

Portfolio Holder: Cllr Stephen Edwards

***[Report No: CAB/FH/18/013](#)*
*(Given the number of Appendices attached to this report, the above link applies to the full agenda pack)***

Performance and Audit Scrutiny Committee:

[Report No: PAS/FH/18/007](#) and [Appendix A](#)

- 3.1 The recommendations emanating from the Cabinet's consideration of this report will need to be considered under Report No: COU/FH/18/006 'Budget and Council Tax Setting: 2018/2019 and Medium Term Financial Strategy 2018-2022, for consideration as Agenda Item 11. on this Council agenda.

4. Overarching West Suffolk Growth Investment Strategy, Governance and Delegation

Portfolio Holder: *Cllr Lance Stanbury*

Report No:
CAB/FH/18/014
(attached to this
report as Appendix 1)

RECOMMENDED: That

- 1. The Overarching West Suffolk Growth Investment Strategy, as attached at Appendix A to Report No: CAB/FH/18/014, be approved.**
- 2. Subject to the safeguards set out within Report No: CAB/FH/18/014, as detailed in Table 1 at paragraph 6.4, decisions on expenditure made from the previously approved capital and revenue Growth Investment Fund, be agreed as follows:**
 - (a) in accordance with Section 1.3 (b) of the Cabinet Procedure Rules contained within Part 4 of the Constitution which allows the Leader to amend the delegations to individual Cabinet Members, the relevant Portfolio Holder and Leader, in consultation with the statutory officers, be authorised to make decisions of up to £0.5m expenditure.**
 - (b) Cabinet be authorised to make decisions of up to £2m expenditure; and**
 - (c) Council shall make decisions where the expenditure is anticipated to exceed £2m.**
- 3. The Monitoring Officer shall make the necessary amendments to the Cabinet's scheme of delegation in accordance with her existing delegation, and be authorised to make other amendments to the Constitution as a consequence of 2. above.**

- 4.1 For ease of reference, the full Cabinet report (Report No: CAB/FH/18/014) 'Overarching West Suffolk growth Investment Strategy, Governance and Delegation', is attached as Appendix 1 to this referrals report.