
Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Treasury Management Sub-Committee** held on **Monday 22 January 2018** at **10.30 am** at the **Conference Chamber, West Suffolk House**, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Patricia Warby

David Roach

Substitutes attending:

Andrew Smith

66. **Substitutes**

The following substitution was declared:

Councillor Andrew Smith for Councillor Sarah Broughton.

67. **Election of Chairman for the Meeting**

The Democratic Services Officer (Scrutiny) informed the Sub-Committee that as the Chairman of the Sub-Committee, Councillor Sarah Broughton had sent her apologies, a Chairman for this meeting was sought.

Councillor David Roach nominated Councillor Patricia Warby as Chairman for this meeting. This was duly seconded by Councillor Andrew Smith, and with the vote being unanimous, it was

RESOLVED:

That Councillor Patricia Warby be elected Chairman for this meeting.

68. **Apologies for Absence**

Apologies for absence were received from Councillor Sarah Broughton.

69. **Minutes**

The minutes of the meeting held on 20 November 2017 were confirmed as an accurate record and signed by the Chairman.

70. **Public Participation**

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

71. **Treasury Management Report 2017-2018 and Investment Activity (1 April to 31 December 2017)**

The Sub-Committee received Report No: TMS/SE/18/001, which provided a summary of investment activities for the first nine months of 2017-2018. Attached at Appendix 1 to the report was the detailed third quarter treasury management report.

The total amount of budgeted income from investments for the period 1 April to 31 December 2017 was £189,750 (average rate of return 0.55%). Interest earned during the period totalled £226,424 (average rate of return 0.562%), an overachievement of interest of £36,677 and an overachievement of 0.012% on the average rate of return.

The overachievement of interest was primarily due to higher cash balances being available for investment than expected. The increase in balances were due to timing differences in the collection and payment of local taxes and 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 £32k, mainly due to higher cash balances as the predicted average rate of return remained at 0.55%.

The Sub-Committee scrutinised the investment activity for 1 April to 31 December 2017 in detail, and asked questions to which officers provided comprehensive responses. In particular discussions were held on the investment activity and cash flow balances.

In response to a question raised relating to investments and Carillion, officers confirmed the Council did not have any financial business/contracts with the company which recently went into liquidation.

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

RECOMMENDED

That the Treasury Management Report 2017-2018, for the period 1 April to 31 December 2017, attached as Appendix 1 to Report No: TMS/SE/18/001, be approved.

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

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice required that, prior to the start of the financial year, the Council formally approved a Treasury Management Policy Statement

and Investment Strategy setting out the Council's treasury management policy and strategy for the forthcoming year.

The proposed Treasury Management Policy Statement and Investment Strategy 2018-2019 was attached as Appendix 1 to Report No: TMS/SE/18/002, along with the Treasury Management Code of Practice 2018-2019 at Appendix 2.

In December 2017, CIPFA issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Note, and consequently the new 2018-2019 Strategy and the Code of Practice had been updated in line with these changes. The main changes made to the Strategy were:

- The four clauses to be formally adopted had been update; and
- An additional section had been added for "investments that are not part of treasury management activity".

The report also included information on interest rate projections and counterparty ratings and advised that the final prudential indicators would be updated as part of the Medium Term Financial Strategy, and approved by Council in February 2018.

The report sort approval of the Treasury Management Policy Statement and Investment Strategy 2018-2019 (including Treasury related Prudential Indicators) and the Treasury Management Code of Practice.

The Sub-Committee scrutinised the report in detail and asked a number of questions to which comprehensive responses were provided. Discussions were held on the revised interest rate projections from Link Asset Services (the Council's advisors), which was based on the current economic climate.

The Sub-Committee also discussed the Link Colour Code Key relating to counterparty ratings, and asked that a small sub-note be included in future giving a brief description of the colour definitions, which officers agreed to look into.

In response to a question raised, officers advised that the Council's general policy objective was to invest surplus funds prudently. The Council's investment priorities were; security and liquidity of the capital at an optimum yield, which was commensurate with security and liquidity.

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

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, attached as Appendix 1 to Report No: TMS/SE/18/002, be approved.**
- 3) **The Treasury Management Code of Practice 2018-2019, attached as Appendix 2 to Report No: TMS/SE/18/002, be approved.**

73. **Date of Next Meeting**

The Sub-Committee **noted** that the next meetings of the Sub-Committee would be set to meet approximately one week prior to the July 2018, November 2018 and the January 2019 meetings of the Performance and Audit Scrutiny committee.

The Meeting concluded at 11.00 am

Signed by:

Chairman
