



**Cabinet recommendations for consideration by Council  
at the Meeting of the Council on Thursday, 19 July 2012**

**Cabinet – 12 July 2012**

**32 Finance Update**

The Cabinet considered Report No 114/12 which provided an update on financial matters affecting the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Treasury management in local government was governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services. The Council had adopted the Code and complied with its requirements, one of which was that the Council should receive an Annual Treasury Management Report following the end of each financial year. That Report also included the results of the various indicators which the Council set each year in accordance with the Prudential Code for Capital Finance in Local Authorities.

Appendix 2 to Report No 114/12 set out the Annual Report for 2011/2012 which had also been considered by the Audit Committee at its meeting on 25 June 2012. Cabinet was invited to recommend that the Annual Report be approved by the Council.

As previously reported to Cabinet, the Council had sought tenders from two companies for the provision of Treasury Advice for a period of four years from 1 July 2012. Both companies had returned tenders which were evaluated in terms of price and quality of service. Given the nature of the service to be provided, quality was assessed as being of more importance than price.

The outcome of the evaluation was that, although higher in cost, the current provider, Arlingclose Ltd, received a greater overall score than the competing tenderer. Therefore, the Officers recommended that Arlingclose Ltd be retained. If implemented, the cost of such retention was within the approved budget. Under the Council's Contract Procedure Rules, Cabinet was required to approve the acceptance of a tender that was other than

the lowest.

Appendix 3 to Report No 114/12 set out details of the General Fund Summary including revenue budgets and the final position for the year for each Service Portfolio for which, in overall terms, income had exceeded expenditure by £0.207m.

Details relating to the Housing Revenue Account (HRA) were set out in paragraph 6.3 of the Report. The HRA outturn for 2011/2012 had produced a net surplus of £0.162m, compared with a net deficit of £0.228m that had been projected in February 2011 when the original budget for the year had been set. The surplus had been added to the HRA Balance at 31 March 2012, which stood at £2.738m. A summary of the main variations against the original budget was set out in paragraph 6.3.1 of the Report.

Paragraph 6.4 of the Report related to the Collection Fund for which the balance at 31 March 2012 was a surplus of £0.499m, compared with a surplus of £0.375m which had been estimated at the time the Council Tax for 2012/2013 had been set.

Paragraph 6.2.4 of the Report set out details of the Council's Reserves and the General Fund Balance namely, the Budget Carry Forward Reserve, the General Fund Balance, and the Information Technology Reserve.

The total movement and year end position on each of the General Fund Reserves was set out at Appendix 4 to the Report. In total, £8.857m was held at 31 March 2012. After taking into account agreed contributions to and the use of reserves, the total to be held in General Fund Reserves at 31 March 2013 was projected to be £6.666m.

Recommended:

**32.1** That the Annual Treasury Management Report for 2011/2012, as set out at Appendix 2 to Report No 114/12, be approved.

It was further

Resolved:

**32.2** That Arlingclose Ltd be appointed as the Council's Treasury Adviser for four years to 30 June 2016;

**32.3** That the final position on the General Fund, Housing Revenue Account and Collection Fund accounts for 2011/2012, be noted;

**32.4** That the allocation of Reserves as shown in Appendix 4 to the Report, be confirmed; and

**32.5** That the remainder of the Report be received and noted.

Reasons for the Decisions:

A Report on funding issues in relation to the Council's General Fund Revenue Account, Housing Revenue Account and Capital Programme is made to each meeting of the Cabinet to ensure that the Council's financial health is kept under continual review. It is essential to ensure that the Council has a sound financial base from which to respond to

changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy and adopted by the Council.

† *The Recommendation, and not the Resolutions, in the above Minute is for consideration by Council.*

*Councillors are requested to bring with them to the meeting Report No 114/12 which was circulated with the agenda papers for the meeting of the Cabinet on 12 July 2012. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail [trevor.hayward@lewes.gov.uk](mailto:trevor.hayward@lewes.gov.uk) or telephone 01273 484122*