

Agenda Item No: 13



Cabinet recommendations for consideration by Council at the Meeting of the Council on Thursday, 17 July 2014

Cabinet – 7 July 2014

15 Finance Update

The Cabinet considered Report No 95/14 which provided an update on financial matters that affected the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Appendix 1 to the Report set out details of Treasury Management activity between 1 May and 18 June 2014, all of which was consistent with the Council's approved Treasury and Investment Strategies for 2014/2015.

Treasury management in local government was governed by the Chartered Institute of Public Finance and Accountancy 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. Such 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 95/14 set out the Annual Treasury Management Report for 2013/2014 which had been considered by the Audit and Standards Committee at its meeting on 23 June 2014 which followed the preparation of Report No 95/14. The Cabinet Member for Corporate Services reported that the Committee had not made any comments in respect of the Annual Treasury Management Report for 2013/2014 following which Cabinet was invited to recommend to Council that it be approved.

Paragraph 4.3 of Report No 95/14 set out information relating to the General Fund for which the year end position for 2013/2014 was in line with the budget and remained sufficiently robust to support the Medium Term Financial Strategy. The table in paragraph 4.3.2 provided a high level summary of the changes during the year.

The total movement and year end position on each of the General Fund Reserves was set out at Appendix 3 to the Report which incorporated transfers between reserves that had been agreed by Cabinet in June 2014. In total, £10.014m was held in the General Fund at 31 March 2014 with a further £1.424m held in the Housing Revenue Account Housing Repairs Reserve. That Appendix also showed the projected balance held by each of the Reserves at 31 March 2015, after taking into account approved contributions to, and the use of reserves, in 2014/2015.

Paragraphs 4.5 and 4.6 of the Report set out details relating to the Housing Revenue Account and the Collection Fund Balance respectively.

Paragraph 4.7 of the Report related to the Capital Programme which was an allocation of resources (principally capital receipts from the sale of assets, grants or contributions received with specific conditions attached, and reserves) to projects in respect of the major repair, enhancement or purchase of long-term assets. In many cases such projects would span financial years.

The 2013/2014 detailed Capital Programme outturn position was shown at Appendix 6 and was summarised in the table in paragraph 4.7.2 to the Report. In some cases, further variations to the allocations previously agreed during 2013/2014 were necessary. Details of the most significant changes noted at Appendix 6 were set out in the table in paragraph 4.7.3 of the Report. The Capital Programme for 2014/2015 was shown at Appendix 7 which had been updated to include the amounts brought forward from 2013/2014. Other recommended variations thereto were set out in the table in paragraph 4.7.4 of the Report.

At its meeting on 6 January 2014, Cabinet had agreed that, following the decision of the Cooperative Bank to withdraw from the local authority market sector, the Council should join with a procurement exercise with other East Sussex District and Borough Councils and Crawley Borough Council to appoint a common bank.

The East Sussex Procurement Hub that was based at Wealden District Council had managed the tender exercise which had taken into account the requirements of each authority. At the time Report No 95/14 was written, the tenders had been evaluated and the outcome was to be notified to the competing banks which triggered the required 10 day 'standstill' period.

The Cabinet Member for Corporate Services reported that, following expiry of the 'standstill' period, Lloyds Bank was the Council's preferred new banker to which it was anticipated that its banking arrangements would transfer during summer/autumn 2014.

Resolved:

- 15.1** That it be noted that Treasury Management activity since the last Report to Cabinet has been consistent with the Council's approved Treasury and Investment Strategy, as detailed in Report No 95/14;
- 15.2** That the final position on the General Fund, Housing Revenue Account and Collection Fund accounts for 2013/2014, be noted;
- 15.3** That the allocation of Reserves shown in Appendix 3 to the Report, be confirmed; DF
- 15.4** That the Capital Programme outturn for 2013/2014, as shown in Appendix 6 to the Report, be noted;
- 15.5** That the updated 2014/2015 Capital Programme set out in Appendix 7 to the Report, be approved; DF
- 15.6** That the outcome of the procurement of Banking arrangements as explained in paragraph **Error! Reference source not found.** of the Report, which confirms the appointment of a new Bank, be noted and that Lloyds Bank be appointed as the Council's new banker; and DF
- 15.7** That the remainder of the Report be received and noted.

It was further

Recommended:

- 15.8** That the Annual Treasury Management Report for 2013/2014 be approved. DF (to note)

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.

Councillors are requested to bring with them to the meeting Report No 95/14 which was circulated with the agenda papers for the meeting of the Cabinet on 7 July 2014. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail trevor.hayward@lewes.gov.uk or telephone 01273 484359.