

Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in Meeting Room 1, Council Offices, Priory Road, Spalding, on Tuesday, 16 January 2018 at 6.30 pm.

PRESENT

G R Aley (Chairman)
J R Astill (Vice-Chairman)

D Ashby
C J T H Brewis

P C Foyster
M D Seymour

Apologies for absence were received from or on behalf of Councillors T A Carter and the Executive Director Commercialisation.

In Attendance: The Finance Manager Treasury and the Democratic Services Officer.

32. DECLARATION OF INTERESTS

There were none.

33. TREASURY MANAGEMENT POLICY AND STRATEGIES 2018/19

Consideration was given to the report of the Executive Director Commercialisation which provided information for pre-decision scrutiny of the Treasury Management Policy and Strategies 2018/19 being proposed, prior to submission to Cabinet and Council for approval as part of the budget setting report.

Treasury Management was defined as: 'The management of the local authority's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

The Council was required to receive and approve, as a minimum, three main reports each year, which incorporated a variety of policies, estimates and actuals. The prudential and treasury indicators and treasury strategy (this report), was one of these reports.

The Treasury Management Strategy for 2018/19 covered two main areas:

- Capital issues
 - The capital plans and the prudential indicators;
 - The minimum revenue provision (MRP) policy.

Action By

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- Treasury management issues
 - The current treasury position;
 - Treasury indicators which would limit the treasury risk and activities of the Council;
 - Prospects for interest rates;
 - The borrowing strategy;
 - Policy on borrowing in advance of need;
 - Debt rescheduling;
 - The investment strategy;
 - Creditworthiness policy; and
 - The policy on use of external service providers

The report also provided a summary of main changes and key issues.

Members considered the information within the report, which was explained in further detail by the Finance Manager Treasury.

The main issue that arose was the possibility of SHDC increasing the amount of its investment in Welland Homes to construct more houses, which could be less of a risk and provide a higher return. Officers advised that this could possibly be done if there was the will. The overall capital expenditure requirements of the Council would need to be looked at as a whole. It was agreed that this view be taken on to Cabinet and Council

A general discussion also took place regarding the list of Sovereign Countries whose banks could be used for investment purposes. Qatar and Abu Dhabi currently meet the investment criteria despite the political uncertainty in that region at the moment. Members of Governance and Audit were of the opinion that Members of Full Council should be involved in deciding whether Qatar and Abu Dhabi should remain on the list of Sovereign Countries whose banks would be available for Council investments. It was pointed out that even if they are included on the list, the Section 151 would not be obliged to invest in that region until the political situation improved.

The Committee thanked the officers for a clear report and a clear delivery of the information within it.

AGREED:

- a) That the Governance and Audit Committee recommend to Cabinet and Full Council that the following be approved as part of the budget setting report:

- i. The Treasury Management Policy Statement 2018/19

SH, CM

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at Appendix A;

- ii. The Treasury Management Strategy Statement 2018/19 at Appendix B;
- iii. The Minimum Revenue Provision Policy (MRP) statement within Appendix B, which set out the Council's policy on MRP;
- iv. The Prudential Indicators and limits contained with Appendix B (Tables 1-14)
- v. The Annual Investment Strategy 2018-19 contained within Appendix C and the detailed criteria included in Appendix C1 and Appendix C2; and

- b) That Cabinet and Full Council give consideration to the suggestion by the Governance and Audit Committee that the Authority consider investing in Welland Homes to build new homes, and to potentially provide a higher return for its investments.

34. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.

There were none.

(The meeting ended at 7.55 pm)

(End of minutes)