

**Runnymede Borough Council**

**COUNCIL MEETING – 18 JULY 2019**

**SUPPLEMENTARY SUMMONS**

**AGENDA**

**PART I**

**11. TREASURY MANAGEMENT ANNUAL REPORT 2018/19 - RECOMMENDATION FROM OVERVIEW AND SCRUTINY SELECT COMMITTEE – 4 JULY 2019**

The Overview and Scrutiny Select Committee also considered the Treasury Management Annual Report 2018/19 at its meeting on 4 July 2019. The Annual Report summarised the Council's treasury management activity and performance for 2018/19. During the year the Council had operated within its Treasury Management Strategy and treasury and prudential indicators which were noted by the Committee and a prudent approach had been taken in relation to all investment activity, with priority being given to security and liquidity over yield.

The Council's underlying need to borrow for capital expenditure was termed the Capital Financing Requirement (CFR) and represented the capital expenditure of prior years that had not been paid for and the current year's unfinanced capital expenditure. One of the Council's treasury activities was to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, Officers organised the Council's cash position to ensure that sufficient cash was available to meet the capital plans and cash flow requirements.

During last year, the Council had maintained an under-borrowed position. This meant that the capital borrowing need, the CFR, had not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow had been used as an interim measure. The policy of avoiding new borrowing by running down spare cash balances had served the Council well over the last few years. However, this would be kept under review to avoid incurring high borrowing costs in the future. During the year the Council borrowed £253m, £38m of which replaced maturing loans taken out over the short term whilst the longer term rates were deemed too high. This meant that the Council ended the year with borrowings of £571m, £102m of which related to the Housing Revenue Account (HRA) debt. The Committee noted a full list of borrowings undertaken during the year.

The Council operated two 'loan pools', one for the HRA and one for the General Fund to comply with the HRA ring fence requirements. The HRA average interest rate for the year was 3.36% and the average interest rate for the General Fund was 2.31%. Investment returns had remained low during last year. However, despite a need to keep large sums of money in short notice deposits to fulfil property acquisition requirements, the Council's actual interest rate performance during the year was 0.95% which compared favourably with the Council's benchmark rates. One of the reasons this favourable rate had been achieved was due to the Council's investment in pooled funds. These investments offered enhanced returns over the longer term but were potentially more volatile over the shorter term and small variations in market values would therefore occur. The current value of these funds was noted. The Committee noted a full list of investments totalling £53m held by the Council at 31 March 2019.

Taking both borrowings and investment together, overall the Council had made a £1.5m betterment on its original net debt forecast for the year. This variance mainly stemmed from

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delays to property purchases and regeneration schemes which had led to increased cash balances and a reduced borrowing requirement. In addition, when the Council had needed to borrow, it had also benefited from lower borrowing rates than originally forecast. The Council had complied with all its legislative and regulatory requirements and investment returns and borrowing rates had been better than anticipated with no additional risk to the Council. It was noted that investments had been made with Leeds City Council and South Ayrshire Council. Local authorities lent money to each other in view of a shortage of suitable counterparties as the level of risk of such investments was low.

The Committee congratulated Finance officers on very good Treasury performance for the year 2018/19 and concurred with the recommendation of the Corporate Management Committee, as set out on the main Council Summons, that the Annual Report be noted.

14. **OVERVIEW AND SCRUTINY ANNUAL REPORT – RECOMMENDATION FROM  
OVERVIEW AND SCRUTINY SELECT COMMITTEE – 4 JULY 2019**

The Committee considered a draft Annual Report for the Municipal Year 2018/19 in accordance with sub-paragraph 6.03 (d) of the Council's Constitution which stated that the Overview and Scrutiny Select Committee must report annually to Full Council.

The Committee noted Article 6 of the Council's Constitution which set out the purposes of the Committee. At paragraph 6.02 (iv) of Article 6 it was noted that the Committee could exercise the right to call-in for reconsideration, decisions made but not yet implemented by any Committee. Members of the Committee were advised that the Council's Constitution set out detailed requirements for the exercise of a call-in and were advised to read these provisions so that they would know how to call-in an item if they wished to do so.

Regarding the Review of the Council's Planning Service, it was noted that it was now envisaged that the Advisory Panel set up to conduct the core work for the review would be reporting to the Overview and Scrutiny Select Committee in the autumn. The Panel membership had changed for the Municipal Year 2019/20 and now consisted of Councillors Furey, Gillham and T Gracey and the Committee expressed its thanks to Councillor Dennett and former Councillor Taylor, who were no longer on the Panel, for their work on the review.

Regarding illegal encampments, it was noted that the Corporate Management Committee, having received recommendations from the Overview and Scrutiny Select Committee, had noted and supported the new police protocol for dealing consistently with illegal encampments. The Corporate Management Committee had noted that the police could direct some or all of travellers in a particular party to vacate a site provided that a suitable alternative facility was available. A transit site would be a suitable alternative facility. The Corporate Management Committee had agreed to support, subject to the provision of full cost benefit analysis, one or more transit sites being established in Surrey.

The Overview and Scrutiny Select Committee noted that the question of suitable transit sites in Surrey continued to be the subject of discussion between Surrey District Councillors and Chief Executives. The political leadership of a number of those Surrey districts had changed for the Municipal Year 2019/20. It was suggested that in view of these changes to political control, whilst the various Surrey districts would continue to work towards providing transit sites, dealing with illegal encampments might not be a high priority for many of these Councils. It was noted that travellers could not be required to meet the cost of clearing up sites that they had occupied and that Councillors should not go onto traveller sites unaccompanied as this was a potentially dangerous course of action and they would not be covered by insurance if they did so.

**RECOMMEND to Full Council that –  
the Annual Report be noted.**