

LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 30 November 2015 at the Council Offices,
Farnborough at 7.00 pm.

Voting Members

Cllr A.M. Ferrier (Chairman)
Cllr S.J. Masterson (Vice-Chairman)

Cllr R. Cooper
Cllr Liz Corps
Cllr A.H. Crawford
Cllr Barbara Hurst
Cllr B. Jones
Cllr A.R. Newell
Cllr M.D. Smith
Cllr L.A. Taylor
Cllr Jacqui Vosper

11. MINUTES

The Minutes of the Meeting held on 28th September, 2015 were approved and signed by the Chairman.

12. 2014/15 ANNUAL AUDIT LETTER

The Committee received the Head of Financial Services' Report No. FIN1519, which set out a copy of the Annual Audit Letter, which had been issued by the Council's auditors, Ernst & Young.

RESOLVED: That the Annual Audit Letter be noted.

13. EXTERNAL AUDIT UPDATES

The Committee received the Head of Financial Services' Report No. FIN1523, which included a copy of Ernst & Young's most recent briefing for local government committees. It was noted that some elements of the update were more relevant to Rushmoor than others as the briefings covered issues affecting local government as a whole, as well as a wider look at the public sector and the context in which Ernst & Young undertook its audits.

RESOLVED: That the External Audit Updates be noted.

14. TREASURY MANAGEMENT OPERATIONS – MID-YEAR REPORT 2015/16

The Committee considered the Head of Financial Services' Report No. FIN1522, which provided details of the main activities of the Treasury Management Operations during the first half of 2015/16, an update on the economic conditions that had affected Treasury Management decisions and a forward look for the remainder of 2015/16.

With the exception of pooled funds, which had been managed at the discretion of external fund managers associated with each fund, the Committee heard that all investment activity had been carried out by the Council's own Treasury Team, with independent treasury advisory services from Arlingclose Ltd. It was noted that Arlingclose had provided treasury advice to 25% of UK local authorities including technical advice on debt and investment management and long-term capital financing. The company had also advised on investment trends, developments and opportunities consistent with the Council's Treasury Management Strategy.

Members were given information on the economic background, including information on UK economy, the global economic situation, market reaction during the half year period and a forecast on interest rates. It was noted that Arlingclose's expectation for the first rise in the bank base rate remained the third calendar quarter of 2016, with a forecast of an overall interest rate of 1.7%.

The Council had been making use of a revolving infrastructure fund from the Local Enterprise Partnership by borrowing £3 million to progress the Aldershot regeneration schemes and £1.7 million for Ball Hill SANG. It was heard that these loans had 0% interest. The Committee was advised that there had been potential future borrowing requirements, however, these were to be explored as part of the financial appraisal process of any capital investment schemes identified.

During the six months to 30th September, 2015, the Council's return on its total investment portfolio was 1.7%, which was amongst the highest when benchmarked against the average of 0.87% of 122 local authority clients. It was noted that the Council's pooled funds had performed well and continued to generate good returns.

It was reported that the latest advice from Arlingclose was that the Council should continue to focus on diversification of risk, spreading smaller amounts over an increasing number of counterparties and aim to invest longer term with counterparties other than banks. In addition to this, the Council's in-house team had been evaluating a number of future investment options if sufficient cash was available. These included Housing Associations and Reverse Repurchase Agreements.

Members were advised that the Council's budgeted investment income for the year was estimated at £800,000. It was noted that this was a significant increase in comparison to £500,000 in 2014/15. The UK Bank Rate had been maintained at 0.5% since March, 2009 and was not expected to rise until June, 2016. The Council had anticipated an investment outturn of £849,000 for 2015/16. The position had resulted from enhanced returns generated from existing pooled fund investments, additional (short term NNDR) cash available to invest during 2015/16 together with increased diversification within the Council's investments portfolio.

The Committee was advised that 2015/16 had provided a significant challenge for treasury management. It was confirmed that the Council had complied with its treasury

and prudential indicators for 2015/16, which had been set in February 2015 as part of the Council's Treasury Management Strategy.

RESOLVED: That the Head of Financial Services' Report No. FIN1522 in relation to the activities carried out during the first half of 2014/15, be noted.

The meeting closed at 7.47 pm.

CLLR A.M. FERRIER (CHAIRMAN)
