

FOLLOW-UP: MATTERS FOR CLARIFICATION FROM THE LAST MEETING

Contact: Mark Braddock
Statutory Scrutiny Officer
Telephone: 01895 250470

REASON FOR REPORT

To follow-up any clarifications and information requests agreed by the Committee undertaking their role scrutinising the decisions and reports from the last Cabinet meeting. These matters are for noting only and not for call-in. If a particular Member wishes for further clarification on the information provided below, this will be for the Committee to determine.

OPTIONS OPEN TO THE COMMITTEE

That the Committee note the information provided.

CABINET – 25 JULY 2019

The Committee gave consideration to the reports and the decisions made by Cabinet at this meeting and sought further information or clarifications in the reports as set out below. The information is provided below by Council officers.

Committee clarification	Officer response
<p><i>Members requested that paragraph 155 of the Revenue and Capital Month 2 Budget Monitoring Report be explained in layman's terms:</i></p> <p><i>“The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. At the end of May, 65% of the Council's total funds have exposure to bail-in risk compared to a March benchmark average of 55% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 0.01% once instant access facilities are removed from the bail-in total.”</i></p>	<p>Annex 1 attached provides explanations for the terms used within the Treasury Management Report that should aid Members understanding of the terminology within paragraph 155.</p> <p>For further information and context, Members may also wish to review the Treasury Strategies which were part of the 2019/20 annual budget report presented to Cabinet and Council in February.</p>

<p>On the confidential report relating to the procurement of caged tipper vehicles, Members requested that officers provide detail on why, of the eleven suppliers invited to tender, only four submitted a tender. Members wondered whether this was due to certain requirements of the tender?</p>	<p>The framework route was chosen to provide more access and added benefits to the Council in being able to source a supplier.</p> <p>The 7 suppliers who did not submit a bid, in this case, were unsuitable for the Council's stated requirements, being e.g. hire providers, manufacturers of vehicles other than cage tippers, and some who would have just been curious as to what was being tendered.</p> <p>Procurement advise, that it is relatively normal in local government to have suppliers register interest in tenders, and then once they have accessed details of the bid, to not submit an actual tender, once they have seen the Council's actual requirements.</p>

To update Members on a Committee clarification from the 20 June 2019 meeting:

<p>Members requested a discussion with the Head of Planning regarding the future monitoring of Community Infrastructure Levy (CIL) monies, in addition to s106.</p>	<p>From February 2020, there will now be a standing annual report on CIL expenditure to the Residents, Education and Environmental Services Policy Overview Committee. This will include a more detailed breakdown on where CIL monies are spent.</p>
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Annex 1

Bail-In Risk	Banking reform legislation was incorporated into UK law from January 2015. The risk of bail-in is effective at the point when banks are considered to be underperforming rather than once they have failed. Rather than being bailed-out by taxpayers, banks are bailed-in by the equity owners, bond holders and unsecured deposits held with the bank. Local authorities would be amongst the deposit holders subject to bail-in with a potential loss of 100% of the deposit.
Bail-In Exempt	Entities or instruments which are not covered by banking reform bail-in legislation.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees. AAA – Highest Credit Quality AA – Very High Credit Quality A – High Credit Quality BBB – Good Credit Quality BB – Speculative B – Highly Speculative CCC – Default Possibility CC – Default Imminent D – In Default
DMADF	Debt Management Account Deposit Facility - This is a Government agency and depositing with it is effectively placing cash with the Government. Whilst the interest rate with DMADF is lower than with banks, it has the highest level of security.
Government Gilts	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity. Gilt pricing is used to reference PWLB borrowing and redemption rates.
Instant Access Facilities	Facilities in which you can withdraw money on the same working day.
Pooled Funds	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool. Pooled funds are also referred to as Collective Investment Schemes. Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes / pooled funds. The term Strategic relates to the recommended investment duration which is typically between 3-5 years.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.