



Leicester
City Council

APPENDIX G

MINUTE EXTRACT

Minutes of the Meeting of the
PERFORMANCE AND VALUE FOR MONEY SELECT COMMITTEE

Held: WEDNESDAY, 2 MARCH 2011 at 5:30 pm

P R E S E N T:

Councillor Coley - Chair

Councillor Bayford

Councillor Grant

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124. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Chowdhury, Connelly, Draycott, Kitterick and Willmott.

125. DECLARATIONS OF INTEREST

Members were asked to declare any interests they had in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Grant declared a personal non prejudicial interest as his partner worked for the Council and his sister in law worked at a school.

130. TREASURY STRATEGY 2011/12

The Chief Finance Officer submitted a report containing the Treasury Management Strategy which detailed the expected activities of the treasury function in the financial year 2011/2012.

The Chief Finance Officer presented the report and informed the Committee that the present climate meant opportunities for debt rescheduling would be far less frequent than in the past. It was stated that as long as the Council had investments, there was unlikely to be a rationale for long term borrowing given the difference between short term and long term interest rates.

In response to a query on sections 4.3 and 4.5 of the report, the Chief Finance Officer stated the £435m in section 4.3 of the report included £35m of transferred debt managed by the County Council following Local Government Reorganisation (LGR). It was stated that if the £435m amount of borrowing was

an absolute limit, but the others were working limits and a report would be made to the committee if they were exceeded.

The Chief Finance Officer stated that there was an error in section 4.6 of the report where the lower limit for the remaining length of outstanding loans of less than five years should have read 0% rather than 5%.

In response to a query with regard to where the Council owed money, the Chief Finance Officer stated that most debt came from the Public Works Loans Board, a government agency. The market loans were from banking institutions. The Committee were informed that the stock funding went back to the 1990s and most of it had now been redeemed. It was noted that the Council no longer had City of Leicester local bonds.

It was queried how the Council compared with other authorities with regard to debt. The Chief Finance Officer stated that this could vary as some authorities were debt free however others had more debt than the Council. The Chief Finance Officer was not concerned about absolute debt levels, as much of it was supported by government grant. However, unsupported borrowing was monitored separately through the capital monitoring reports..

RESOLVED:

- 1) that the report and comments made by Members of the Committee be noted.