

Democratic Services

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Date: 10 June 2013

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To: All Members of the Corporate Audit Committee

Councillors: Will Sandry (Chair), Gerry Curran, Andrew Furse, Dave Laming, Barry Macrae and Brian Simmons

Independent Member: John Barker

Chief Executive and other appropriate officers

Press and Public

Dear Member

Corporate Audit Committee: Tuesday, 25th June, 2013

You are invited to attend a meeting of the **Corporate Audit Committee**, to be held on **Tuesday, 25th June, 2013 at 5.30 pm** in the. **Kaposvar Room - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely



Sean O'Neill
for Chief Executive

If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.

NOTES:

- 1. Inspection of Papers:** Any person wishing to inspect minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Sean O'Neill who is available by telephoning Bath 01225 395090 or by calling at the Riverside Offices Keynsham (during normal office hours).
- 2. Public Speaking at Meetings:** The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group. Advance notice is required not less than two full working days before the meeting (this means that for meetings held on Wednesdays notice must be received in Democratic Services by 4.30pm the previous Friday)

The public may also ask a question to which a written answer will be given. Questions must be submitted in writing to Democratic Services at least two full working days in advance of the meeting (this means that for meetings held on Wednesdays, notice must be received in Democratic Services by 4.30pm the previous Friday). If an answer cannot be prepared in time for the meeting it will be sent out within five days afterwards. Further details of the scheme can be obtained by contacting Sean O'Neill as above.

- 3. Details of Decisions taken at this meeting** can be found in the minutes which will be published as soon as possible after the meeting, and also circulated with the agenda for the next meeting. In the meantime details can be obtained by contacting Sean O'Neill as above.

Appendices to reports are available for inspection as follows:-

Public Access points - Riverside - Keynsham, Guildhall - Bath, Hollies - Midsomer Norton, and Bath Central, Keynsham and Midsomer Norton public libraries.

For Councillors and Officers papers may be inspected via Political Group Research Assistants and Group Rooms/Members' Rooms.

- 4. Attendance Register:** Members should sign the Register which will be circulated at the meeting.
- 5. THE APPENDED SUPPORTING DOCUMENTS ARE IDENTIFIED BY AGENDA ITEM NUMBER.**
- 6. Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are sign-posted.

Arrangements are in place for the safe evacuation of disabled people.

This Agenda and all accompanying reports are printed on recycled paper

Corporate Audit Committee - Tuesday, 25th June, 2013

at 5.30 pm in the Kaposvar Room - Guildhall, Bath

A G E N D A

12. COUNCIL DEBT RESTRUCTURING (Pages 5 - 6)

The Committee Administrator for this meeting is Sean O'Neill who can be contacted on 01225 395090.

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Briefing Paper for Audit Committee meeting 25th June 2013

Council Debt Restructuring

Purpose of Briefing:

To update the Committee on the review to undertake a significant debt restructuring taking advantage of the sustained, low interest rate economic outlook.

Background:

The Council has a current debt portfolio of £120M with an average interest rate of 4.5% with a future need to borrow rising to up to £195M to deliver the capital programme.

Annual Treasury cash balances average around £80M over the course of the year. Average interest earnings continue to fall and now typically average around just 0.5%.

The Approved Budget for 2013/14 requires an annual reduction in debt costs of £1.4M recognising the low level of interest rates. Approximately £900K of this has been achieved through existing cash-flow of the capital programme although restructuring of existing debt will be required to deliver the further planned cost reductions.

Details:

As market expectations for sustained low interest rates have increasingly been accepted as the consensus view, I requested a review of the Council's existing debt portfolio to be undertaken by our treasury management advisors (Arlingclose). The purpose of this review was to identify debt rescheduling opportunities within this low interest rate environment, and this has now been completed.

The review has identified the potential to undertake a significant debt rescheduling amounting to £50M, utilising funds from the Council cashflow's which are earning very low rates of interest. This cash flow will be used to temporarily repay a significant element of Council Debt with higher interest costs. The net effect will be to save revenue of up to £1.7M per annum, whilst reducing the Council's exposure to future interest rate movements. Full details are set out in the attached summary from Arlingclose.

The proposal is in line with the Council's approved Treasury Management Strategy and as the Council's S151 Officer; I will seek to implement the rescheduling proposals during the 2013/2014 financial year as cash flows permit.

Requests:

The Committee notes the debt restructuring proposal.

Attachments to this report:

- Long Term Debt Review Summary

Author – Tim Richens
Director of Finance
24 June 2013

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