

**RECOMMENDATIONS TO CABINET 4 MARCH 2014 FROM THE MEETING OF THE RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE 25 FEBRUARY 2014**

**ARC86: CABINET REPORT: TREASURY MANAGEMENT 2014/2015**

In presenting the report, the Principal Accountant advised that the Council was required to receive and approve a Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy which covered:

- Capital Plans, including Prudential Indicators.
- A Minimum Revenue Provision (MRP) Policy.
- The Treasury Management Strategy.
- An Investment Strategy.

The report covered the requirements of the Local Government Act 2003, the Chartered Institute of Public Finance Accountants (CIPFA) Prudential Code, the Department of Communities and Local Government (DCLG) MRP Guidance, the CIPFA Treasury Management Code and the DCLG Investment Guidance.

It was noted that the report looked at the period 2013/2017 which fitted with the Council's Financial Plan and Capital Programme. The report was based on the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, Capita Asset Services, Treasury Solutions.

The Principal Accountant advised the Committee of the following error in the bottom line of the table at section 3.2 of the report as follows:

Closing CFR

2014/2015 Estimate	£14,360.
2015/2016 Estimate	£14,072.
2016/2017 Estimate	£13,659.

Members' attention was drawn to the following sections of the report:

- Background.
- Reporting Requirements – CIPFA's Code of Practice, Training, Treasury Management Consultants, Capital Prudential Indicators – 2014/2015 and 2016/2017, Capital Expenditure, the Council's Borrowing Need.
- Capital Plans, including prudential indicators.
- A Minimum Revenue Provision (MRP) Policy.
- The use of the Council's Resources and the Investment Position.
- Affordability Prudential Indicators.
- The Treasury Management Strategy.
- Current Treasury Position – January 2014.

- Prospects for Interest Rates.
- Borrowing Strategy 2014/2017.
- Debt Rescheduling.
- Annual Investment Strategy.
- Creditworthiness Policy.
- Diversification.
- Country limits.
- Investment Returns Expectations.

The Principal Accountant advised the Committee that since the report had been written the Council had received a document from Capita Asset Services entitled Treasury Solutions updated Interest Rate Forecast dated 14 February 2014 and had copies available if Members wished to receive one.

Councillor Collop suggested that the above document be circulated to the Members to which the Principal Accountant agreed to email to the Committee.

Councillor Collop asked how the increase in interest rates would affect the Financial Plan being considered at Full Council on 27 February 2014. In response, the Deputy Chief Executive explained that the predicted increase in interest rates would not change the estimates being presented to Council.

Councillor Humphrey referred to page 33, paragraph 5, last line and commented that reference to the Audit Committee should be amended to read – Audit and Risk Committee.

In response to questions from Councillor Humphrey on what was considered to be adequate training for the Committee, the Deputy Chief Executive advised that previous training sessions had been held for the Committee and future sessions would be planned as appropriate.

Councillor Humphrey referred to the amended figures reported by the Principal Accountant at section 3.2 of the report and suggested the amended figures be also reflected in the table on page 38.

Councillor D J Collis asked how often the merits of the Council's treasury advisors were reviewed. In response, the Principal Accountant explained that the current contract was for 2-3 years and that the Council was 1 year into the contract.

Councillor Morrison asked for clarification of the A ratings as detailed at page 51. The Principal Accountant explained that the higher the A rating was the stronger the credit worthiness of the Bank was. The A ratings were currently set by 3 agencies and a combination of all three was provided by the Council's Treasury Advisors.

In response to questions from Councillor Humphrey relating to the Co-operative Bank, the Principal Accountant advised that the Council had a deposit fund with an overnight arrangement by which the money could be called back the next day. It was noted that the maximum amount held with the

Co-operative Bank was £200,000 on a 1 day limit arrangement.

The Chairman, Councillor Beal thanked the Principal Accountant for presenting the report.

**RESOLVED:** That the Committee support the recommendations to Cabinet as follows:

Cabinet is asked to recommend to Council:

- 1) The Treasury Management Strategy Statement 2014/2015, including treasury indicators for 2014/2017.
- 2) The Investment Strategy 2014/2015.
- 3) The Minimum Revenue Provision Policy 2014/2015.
- 4) Adopt the revised Treasury Management Practices (TMPs).