

CABINET – 16TH FEBRUARY 2017

Report of the Overview Scrutiny Group

ITEM 8 TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION STRATEGY 2017/18

Purpose of Report

To consider the comments and recommendation of the Overview Scrutiny Group in respect of the Cabinet report to consider the Treasury Management Strategy Statement and the Annual Investment Strategy and Minimum Revenue Provision Strategy for 2017/18 for recommendation to Council.

Recommendation of the Overview Scrutiny Group

That the Cabinet be informed that the Group supports the recommendations as set out in the report of the Head of Finance and Property Services.

Reason

Having considered the report and asked questions of the Head of Finance and Property Services on the matter, the Group concluded that it would be appropriate to recommend to Council that the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Strategy for 2017/18 be approved, to ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and Treasury Management Policy Statement. Also, to recommend to Council that the Prudential and Treasury Indicators, as set out, be approved, to ensure that funding of capital expenditure is taken within the totality of the Council's financial position and that borrowing and investment is only carried out with proper regard to the Prudential Code for Capital Finance in Local Authorities.

In particular, the Group wished to commend the comprehensive treasury management controls the Council had in place, and to have it noted that the information in the Treasury Management Strategy Statement setting out the economic background (appendix 5.1) had been useful.

Meeting Discussion

Following questions from the Group, the Head of Finance and Property Services (and the Chief Executive) provided the following responses:

- (i) In reference to inclusion of property funds as an approved investment category, that would provide the option to do so, any proposal to do so would be subject to member approval. The investment would not relate to specific properties, rather to wider property funds run by fund managers and would not represent a conflict of interest in relation to the Council's development control function.

- (ii) In reference to the Non-HRA capital expenditure for 2016/17 set out in the first table under section 2.1 of the Treasury Management Strategy Statement (page 9 of the report), the Council's approved Capital Plan detailed that spending.
- (iii) Mechanisms were in place for monitoring the Council's capital expenditure and its investments, details of which were briefly outlined.
- (iv) The Council would continue to invest in the UK despite its AA sovereign rating as a different criteria applied to the Council's UK investments.
- (v) In relation to Minimum Revenue Provision (MRP), residual capital expenditure referred to amounts set aside to repay loans at the end of the term, similar to the way an endowment mortgage was repaid.
- (vi) In reference to section 3.9 of the Treasury Management Strategy Statement (page 17 of the report), the Municipal Bond Agency was now set up, but in its early stages. It was hoped that the Agency's borrowing rates would be lower than those of the Public Works Loans Board.

The Head of Finance and Property Services agreed to send to all members of the Group, by email following the meeting, details of the cost to the Council of its Treasury Management Consultants.

Policy Justification and Previous Decisions

Scrutiny Committee Procedure 11.12 sets out the procedure by which a report of a scrutiny committee should be considered by the Cabinet.

Implementation Timetable including Future Decisions and Scrutiny

The information on this in the Cabinet report is not affected by the recommendation of the Overview Scrutiny Group.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no further financial implications associated with the recommendation of the Overview Scrutiny Group.

Risk Management

There are no specific risks associated with the recommendation of the Overview Scrutiny Group.

Key Decision: No
 Background Paper: Overview Scrutiny Group Minute 80 2016/17,
 13th February 2017

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