

**REPORT OF THE CORPORATE COMMITTEE No. 03-2012/2013**  
**COUNCIL 27 February 2013**

Chair:  
Councillor George Meehan

Deputy Chair:  
Councillor Kaushika Amin

**INTRODUCTION**

- 1.1 This report to full Council arises from the Treasury Management Strategy Statement considered by the Corporate Committee at their meetings on the 29 November 2012 and the 22 January 2013.

**SUMMARY**

- 2.1 Treasury Management strategy Statement 2013/14 - 2015/16
- 2.2 We were asked to consider the proposed Treasury Management strategy statement and draft prudential indicators for 2013/14 to 2015/16 prior to them being scrutinised by Overview and Scrutiny Committee and presented to full Council for final approval.
- 2.2 As the Capital Programme figures for the current year would be determined by the Cabinet at its meeting in December, the report to the 29 November meeting contained the previous year's figures. A further updated report containing the final capital programme figures and prudential indicators was subsequently considered at the January Corporate Committee meeting. We noted that this did not affect the overriding principles for investing and borrowing which we were asked to consider in November.
- 2.3 We noted that very low short term interest rates compared to medium and long term rates was expected to continue in 2013, meaning that there would be an ongoing 'cost of carry' if funds were borrowed in advance of capital expenditure. It was reported that, to minimise the cost of borrowing, the council will maintain the strategy of borrowing in the short term at low rates from other local authorities to maintain liquidity whilst also being mindful of any long term opportunities to borrow from the PWLB.
- 2.4 On the advice of the council's treasury management advisors, Arlingclose Ltd, we noted that a small change had been made to the strategy, which was to remove the minimum short term rating criteria for lending, as the long term rating of an organisation was the ultimate driver of creditworthiness. We noted that this would not change the portfolio of banks named in the lending list, but would enable the Council to start using RBS and Nat West again.
- 2.5 We received an explanation of the term LIBID (London Inter Bank Interest Deposit Rate), and requested that efforts be made for the figures printed in future reports to be as legible as possible.

- 2.6 At the 22 January 2013 meeting, we received a report setting out the updated Treasury Management Strategy Statement, to reflect the capital programme figures as agreed by the Cabinet in December 2012. We noted that the general principles around borrowing had not changed as a result.
- 2.7 In response to a question around the 2012/13 approved and projected actual figures, as set out in table 7 of the report, it was reported that the approved limit was the maximum level authorised, and was set relatively high in order to allow for unforeseen circumstances. We noted that this accounted for the discrepancy between the maximum authorised and the expected actual borrowing.
- 2.8 We discussed the borrowing limits around the HRA debt cap, and received clarification that any spending in this area would need to be prioritised in line with Council strategy, and was subject to detailed guidance issued by Government.

## **WE RECOMMEND**

The approval of the proposed Treasury Management Strategy Statement (TMSS) and prudential Indicators for 2013/14 to 2015/16 at Appendix 5 of the Financial Planning report to Council.