

**REPORT OF THE CORPORATE COMMITTEE No. 03/2013-14
COUNCIL 26 February 2014**

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Kaushika Amin

INTRODUCTION

- 1.1 This report to full Council arises from the report entitled “Treasury Management Strategy Statement 2014/15 – 2016/17”

ITEMS FOR NOTING

- 2.1 Treasury Management Strategy Statement 2014/15 – 2016/17
(Appendix 1)
- 2.1.1 We considered the report on the proposed Treasury Management Strategy Statement and Prudential Indicators for 2014/15 to 2016/17 (TMSS). The TMSS had been updated since the draft version presented to us in November 2013, and now included the prudential indicators – this document had been considered by the Council’s Overview and Scrutiny Committee, and we were asked to recommend the final version of the Strategy to Full Council for final approval.
- 2.1.2 We asked about the possibility of prematurely repaying loans taken out at higher interest rates, as set out in paragraph 4.11 of the Strategy. Officers advised that there was now a significant premium payable for early repayment; we noted that the Council and its treasury management advisors carried out regular calculations as to whether early repayment would be financially beneficial to the Council, comparing the interest saved with the repayment premium payable, and took action accordingly.
- 2.1.3 In response to a question regarding the authorised debt limit and operational boundary as indicated in annex 2 of the TMSS, and why these were so high compared with the capital budget, officers advised that this was a precautionary measure, and that in reality expenditure would never come close to this limit. We acknowledged the need for some headroom, but asked whether it was necessary for this limit to be set so far above what would conceivably be required. It was agreed that these figures would be revised downward for the final TMSS that went to Full Council for approval as part of the Financial Planning report.
- 2.1.4 Following the Corporate Committee meeting the proposed operational debt boundary for 2014-15 has been reduced by £135.2 million to £425.8 million and the authorised limit by £115.4 million to £561.1 million. Reductions have also been made to the debt limits for the following two years. These are reflected in sections 4.2, 4.3 and annex 2 (table 5) of the revised TMSS.

WE RECOMMEND

The approval of the proposed Treasury Management Statement and Prudential Indicators for 2014/15 to 2016/17 at Appendix 4 of the Financial Planning report to Council.