

**RECOMMENDATION TO COUNCIL**  
**(Executive Councillor for Finance and Resources)**

**MID-YEAR FINANCIAL REVIEW (MFR) 2014/15 TO 2017/18 -  
TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT**

The Council is required by regulations issued under the Local Government Act 2003, to produce a half yearly strategy treasury report reviewing treasury management activities.

The report complies with the CIPFA Code of Practice on Treasury Management (February 2011) and the CIPFA Prudential Code for Capital Finance in Local Authorities (May 2013 edition).

The report included any changes to counterparty limits, the use of other financial instruments, capital activity and prudential & treasury indicators, since they were last reported within the Outturn Report for 2013/14, on 14<sup>th</sup> July 2014.

Further officer clarification post committee:

The final paragraph of 3.2 of the officer's report refers to HRA debt which is repayable in tranches from 2038. The graph in Appendix A assumes no rescheduling of this debt i.e. it will be repaid when due.

However, a revised approach was approved through the HRA Budget Setting Report 2014, with 75% of surpluses to be reinvested and the remainder being held to allow for potential debt reduction. No changes have been made to Appendix A of the officer's report, as it is not possible to determine a revised repayment trajectory with any certainty.

However, there are plans to utilise HRA reserves to repay debt, around the first maturity (on 28<sup>th</sup> March 2038), the detail of which has been previously highlighted as part of the HRA's Budget Setting Reports and 30 year Business Plan

The Strategy and Resources Scrutiny Committee considered and approved the amended recommendations unanimously.

**Accordingly, Council is recommended:**

i. To agree amendments to the Counterparty list, which highlighted changes in Capita's (Council's Treasury Adviser) credit criteria, within Appendix B of the officer's report. These are summarised below:-

- Name 'smaller' building societies with an asset value greater than £5billion; and;
- Show the limits for 'smaller' building societies meeting these criteria.

ii. To add equity investment in the Local Capital Finance Company, the legal entity of the UK Municipal Bonds Agency, to non-specified investments within the Council's investment strategy.

iii. To agree changes to the estimated Prudential & Treasury Indicators for 2014/15 to 2017/18, inclusive, as set out in Appendix G of the officer's report.

iv. To approve a capital investment of up to £50,000 in the equity share capital of the Local Capital Finance Company; and;

v. To delegate the final decision on investment to the Head of Finance in consultation with the Executive Councillor for Finance and Resources.

**ADDITIONAL RECOMMENDATION**

**Council is recommended:**

- i. To include additional capital expenditure of £220,000, funded by borrowing, to the capital plan, for the additional capital cost of the Clay Farm Community Centre (identified in the report to the Executive Councillor for Community, Arts and Recreation and Community Services Scrutiny Committee on 16 October 2014 - see attached)