

EXECUTIVE

An excerpt of the minutes of the meeting held on Wednesday 12 March 2014 at the Town Hall, Royal Leamington Spa at 6.00 pm.

PRESENT: Councillor Mobbs (Chairman); Councillors Caborn, Coker, Cross, Mrs Grainger, Hammon, Shilton and Vincett.

ALSO PRESENT: Councillor Barrott (Chair of Finance & Audit Scrutiny Committee), Councillor Mrs Blacklock (Chair of Overview and Scrutiny Committee), Councillor Boad (Liberal Democrat Group Observer), Councillor MacKay (Independent Group Observer) and Councillor Wilkinson (Labour Group Observer).

159. **DECLARATIONS OF INTEREST**

There were no declarations of interest in relation to the items contained in Part 1 of the agenda.

PART 1

(Items on which a decision by Council is required)

161. **TREASURY MANAGEMENT STRATEGY PLAN FOR 2014/2015**

The Executive considered a report from Finance which detailed the strategy for 2014/15 that the Council would follow in carrying out its Treasury Management activities, including the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy Statement.

The Council was required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations could be carried out. The Council would be investing approximately £13.605 million in new capital in 2014/2015 and would have average investments of £48 million (2012/13 actual £47m). This level of investments had arisen from the Council's reserves and provisions, the General Fund and Housing Revenue Account balances, and accumulated capital receipts as well as cashflow.

The report advised that the Council's treasury management operations were also governed by various Treasury Management Practices (TMP's), the production of which was a requirement of the CIPFA code and which must be explicitly followed by officers engaged in treasury management.

There had been some changes to various Treasury Management Practices (TMP's) and these were outlined in paragraph 3.2 of the report. The report asked Members to note these changes.

In addition, the report requested approval of the Treasury Management Strategy for 2014/15, attached as appendix A and approval of the

2014/15 Annual Investment Strategy attached as appendix B to the report. This document also included nine changes, outlined in recommendation 2.2 b), which required approval.

Finally, approval was required for the Minimum Revenue Provision Policy Statement and the Prudential Indicators, detailed in appendices A and C of the report.

There were a few of alternative options available, detailed in section 7 of the report however, the production of an annual strategy was a requirement of the CIPFA Treasury Management in the Public Services Code of Practice.

The alternatives outlined were to vary the counterparty limits and investment periods or not to introduce the new investment vehicles and reduce the minimum credit rating criteria instead.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked the officers for attending and presenting the report so comprehensively.

Having read the report and having heard the representations from the Scrutiny Committees, the Executive decided to;

RECOMMENDED to Council that

- (1) the changes to the various Treasury Management Practices are noted;
- (2) the Treasury Management Strategy for 2014/15, is approved;
- (3) the 2014/15 Annual Investment Strategy, is approved, including the following changes:-
 - (a) that Variable Net Asset Value Money Market Funds, Corporate Bonds and Floating Rate Notes are added to the list of Specified Investments that the Council can use;
 - (b) that the individual and overall counterparty limit for Variable Net Asset Value Money Market Funds for 2014/15 be £6 million;
 - (c) that the individual counterparty limit for Corporate Bonds issued by Corporates for 2014/15 be £3 million;
 - (d) that the individual counterparty limit for Floating Rate Notes issued by Corporates

for 2014/15 be £3 million;

- (e) that Corporate Bonds with maturities in excess of 364 days, Corporate Bond Funds and Regulated and Unregulated Property Funds (CCLA Local Authority Property Fund only) are added to the list of Non-Specified investments that the Council can use;
 - (f) the current 40% portfolio limit and £9 million monetary limit on investments over 364 days be replaced by 60% and £15 million respectively;
 - (g) Corporate Bond and Property Funds are limited to a maximum of £5 million per fund within an overall sector limit of £10 million and subject to the over 364 day overall investment limit of £15 million;
 - (h) in respect of Local Authorities, the current maximum duration limit of 2 years be increased to 5 years;
 - (i) in respect of Corporate Bond and Property Funds, the current maximum duration limit of 2 years be increased to 10 years;
- 4) the Minimum Revenue Provision Policy Statement, is approved; and
 - 5) the Prudential Indicators, are approved.

(The Portfolio Holder for this item was Councillor Mobbs)
(Forward Plan reference 541)