

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
TRANSFORMATION AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

3 December 2013

1. TREASURY MANAGEMENT STRATEGY 2014/15

Submitted by: Head of Finance

Portfolio: Finance & Resources

Ward(s) affected: All Indirectly

Purpose of the Report

To consider the content of and scrutinise the Treasury Management Strategy for 2014/15, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

Recommendations

- (a) That the Committee consider and scrutinise the content of the Treasury Management Strategy for 2014/15.**
- (b) That the Committee approve the strategy for submission to the Full Council on 26 February 2014.**

Reasons

The Council needs to have an approved Treasury Management Strategy for 2014/15 in place before the start of the 2014/15 financial year.

At the Council meeting of 24 June 2009 it was resolved that the strategy be scrutinised by the Transformation and Resources Overview and Scrutiny Committee before being submitted for approval by Full Council. The strategy will be submitted to the Full Council for approval at its meeting on 26 February 2014.

1. Background

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires a report to be prepared and approved by the Council concerning the strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2014/15.
- 1.2 The Local Government Act 2003 and Regulations thereto specify that local authorities must have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities in setting their affordable borrowing limits. This is to be achieved by setting a number of "prudential indicators" covering various aspects of treasury management. Accordingly, the appropriate

prudential indicators have been incorporated in the relevant sections of the Treasury Management Strategy Report.

- 1.3 In addition the Department for Communities and Local Government (DCLG) issued revised "Guidance on Local Authority Investments" in March 2010, under powers contained in Section 15 (1)(a) of the Local Government Act 2003. The Act states that local authorities must have regard to this guidance. The Guidance recommends that an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments is produced and approved by the Full Council.

2. **Issues**

- 2.1 The draft Strategy Report for 2014/15 is attached at Appendix 1
- 2.2 The draft proposed prudential indicators relating to treasury management are contained in the report.
- 2.3 The draft Investment Strategy for 2014/15 is contained in Annex A to the report.
- 2.4 Details of the methodology involved in the production of the counterparty listing are contained in Annex B to the report.
- 2.5 The draft Minimum Revenue Provision Strategy for 2014/15 is contained in Annex C to the report.

3. **Legal and Statutory Implications**

- 3.1 The Council must comply with the Investment Guidance published by DCLG.

4. **Financial and Resource Implications**

- 4.1 There are no specific financial implications arising from the strategy report.

5. **Major Risks**

- 5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.
- 5.2 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital.
- 5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **Recommendations**

- 6.1 That the Committee consider and scrutinise the content of the Treasury Management Strategy for 2014/15.
- 6.2 That the Committee approve the strategy for submission to the Full Council on 26 February 2014.

7. **List of Appendices**

7.1 Appendix 1 Treasury Management Strategy Report 2014/15.

8. **Background Papers**

- CIPFA Treasury Management Code of Practice (revised November 2009 and again in November 2011);
- Council's Treasury Management Policy Statement,
- CIPFA Prudential Code for Capital Finance in Local Authorities and guidance notes thereto,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Guidance on Local Authority Investments issued by the Department for Communities and Local Government (revised March 2010).
- Treasury Management Advisor's Treasury Management Strategy Statement Template (issued on 21/10/13).