

CABINET
06 February 2014 at 7.00 pm

Further to the recent despatch of agenda and papers for the above meeting, please find the following item(s) which were marked as 'to follow':

6. **Recommendations from the Cabinet Advisory Committees:** (Pages 1 - 2)
- a) Capital and Asset Maintenance (*Minute 42, Finance & Resources Advisory Committee 21.01.14*)
 - b) Treasury Management Strategy 2014/15 (*Minute 41, Finance & Resources Advisory Committee 21.01.14*)

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

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The Democratic Services Team (01732 227241)

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RECOMMENDATIONS FROM CABINET ADVISORY COMMITTEES

(which had been marked to follow on the agenda)

- a) Capital and Asset Maintenance Budget 2014/15 (Minute 42, Finance & Advisory Committee – 21 January 2013)

The Head of Finance presented a report which set out the proposed 2014/17 Capital Programme, with supporting documentation in a standard format for individual scheme bids. An updated scheme bid for the vehicle replacement programme was tabled. Projected capital receipts were included, indicating the proposed financing of the Programme. A proposed overall provisional limit for Asset Maintenance was also made.

Members were interested in the saleable value for the old generator. It was noted that a report on asset maintenance at White Oak Leisure Centre was not before the Advisory Committee but would be considered at the next meeting.

Action 1: That the Head of Finance circulate to Members more details on the figures contained in paragraph 8 of the report.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that

- a) the Capital Programme 2014/17 and funding method set out in Appendix B (and amended scheme bid) to the report, be approved; and
 - b) the proposed Asset Maintenance budget of £469,000 for 2014/15, be agreed.
- (b) Treasury Management Strategy 2014/15 (Minute 41, Finance & Advisory Committee – 21 January 2013)

It was reported that the Local Government Act 2003 (the Act) and supporting regulations required the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Act therefore required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act) which set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. Members' attention was drawn to paragraphs 61-64 of the report and Appendix F, which dealt with proposed changes to the investment criteria. The Principal Accountant explained that data referring to the capital programme had been left blank at this stage as it was still to be approved.

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Some Members were keen to open up to new counterparties, including banks in countries such as Sweden, Australia and Singapore that operated in the UK. However it was agreed that this should be brought back for further consideration.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that

- a) the following amended investment criteria be included in the Treasury Management Strategy for 2014/15:
 - i) Maximum investment period of 2 years.
 - ii) Investments in any single institution or institutions within a group of companies be limited to 25% of the total fund, at the time the investment is placed, except it be increased for Lloyds Banking Group plc and Royal Bank of Scotland Group plc to 30%.
 - iii) Total investments in any one foreign country be limited to 15% of the total fund, but UK-based institutions to be used as first preference.
 - iv) Investments in banks be limited to £6m per counterparty excluding call accounts and £7m including call accounts except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc, where the limits would be £10m for each with no distinction between fixed deposits and call accounts.
 - v) If the Council's own banker, Barclays, falls below Capita Asset Services' minimum credit rating requirements, it would nevertheless continue to be used, although balances would be minimised in both monetary size and duration.
 - vi) Building Societies with assets in excess of £9bn be included in the lending list with a maximum investment limit of £2m each and a maximum duration of 100 days. If a Building Society meets Capita Asset Services' minimum credit rating requirements, the investment limit be increased to £5m with a maximum duration of two years.
 - vii) Enhanced Money Market Funds (EMMF) to be used as an alternative to the existing standard Money Market Funds (MMF) with a combined maximum limit of £5m per provider.
- b) Property Funds with a limit of £5m in each not be included at this time;
- c) investments in non-UK banks not be included at this time, but the matter be brought before a future meeting of the Committee for further consideration; and
- d) it be recommended to Council to approve the amended Treasury Management Strategy for 2014/15.