

MINUTE EXTRACT

CABINET

8 DECEMBER 2016

70 TREASURY MANAGEMENT MONITORING MID-YEAR 2016/17

Councillor Phil Davies introduced a report that informed that the Council's treasury management activity was underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which required the production of annual Prudential Indicators and a Treasury Management Strategy Statement on likely financing and investment activity. The Code also recommended that Members were informed of treasury management activities at least twice a year.

The report fulfilled the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Department for Communities and Local Government (CLG) Investment Guidance.

The Cabinet noted that proactive Treasury Management activity resulted in previously identified one-off savings in 2016/17 of a minimum of £5 million:

- £2.5 million from a combination of reduced 2016/17 interest payments and revised Minimum Revenue Provision (MRP) charge in 2016/17.
- a further £2.5 million being generated in associated backdated adjustments as a result of revising the Council's MRP policy.

Councillor Davies reported that this 2016/17 one-off saving would increase to £8.7 million subject to the approval of the Council in relation to amending the Treasury Management Strategy in calculating the Minimum Revenue Provision (as detailed in the report):

- £3.2 million from a combination of reduced 2016/17 interest payments and revised Minimum Revenue Provision (MRP) charge in 2016/17.
- £5.5 million being generated in associated backdated adjustments as a result of revising the Council's MRP policy.

The Cabinet also noted that for 2017/18 the saving from the change to the MRP policy would increase from the previously agreed £0.45 million to £1.25 million as detailed in Appendix 1 to the report.

Councillor Davies highlighted the excellent work Treasury Management had carried out flagging up the savings. This was really helpful and had taken the pressure off the overall budget. He was pleased with the magnitude of the savings made during Year 1.

RESOLVED: That

- (1) the Treasury Management Mid-Year Report for 2016/17 be agreed;**
- (2) the selection of the annuity method within 'Option 3 Asset Life' for calculating the Minimum Revenue Provision (MRP) be endorsed and this amendment to the Treasury Management Strategy be referred to the Council for approval;**
- (3) the current estimated saving of £5.0 million from Treasury Management activities in 2016/17 be noted;**
- (4) subject to (2) above, it be noted the Treasury Management savings for 2016/17 will increase to £8.7 million; and**
- (5) subject to (2) above, it be noted that the Treasury Management savings for 2017/18 will increase to £1.25 million and this will be reflected in Budget 2017/18.**