

Report to the Council

Committee: Cabinet

Date: 4 November 2014

Portfolio Holder: Finance

Portfolio Holder: Councillor S Stavrou

Recommending:

(1) That the Treasury Management Strategy Statement 2014/15 to 2016/17 be amended to permit lending to Service Providers that the Council is in a contractual relationship with.

1. The Annual Outturn report on the Treasury Management and Prudential Indicators for 2013/14 was considered by the Finance & Performance Management Cabinet Committee on 18 September 2014 and the Audit & Governance Committee on 25 September 2014.

2. Both Committees noted that the Council had continued to finance its capital programme through using internal resources. Both capital receipts and Major Repairs Reserve at the year-end matched the anticipated closing balances, resulting in the Council having adequate resources going forward to finance its medium term capital programme. During 2011/12 the Council procured £185.5million to finance the HRA self-financing payment, resulting in the Council now becoming a debt authority. The Council did not breach any of the treasury prudential indicators during the year.

3. During the competitive dialogue process for the new waste management contract, the possibility that the waste management contractor (and others, e.g. Leisure) would benefit from the Council providing "Prudential Borrowing" was discussed. Following the award of the new contract, Biffa have now formally requested a facility of £5million be made available to them. The Treasury Management Strategy Statement would require amendment to permit this. As the contractor will have been through rigorous financial checks before the contract is awarded, this is considered a low risk activity, and the risk would be further reduced by seeking a charge over any assets purchased with the loan.

4. The Council is requested to amend the Treasury Management Strategy Statement 2014/15 to 2016/17 accordingly to permit lending to service providers that are in a contractual relationship with the Council.

5. We recommend as set out at the commencement of this report.