

To: City Executive Board

Date: 4th. July 2012

Report of: Value and Performance Scrutiny Committee

Title of Report: Treasury Management Performance 2011/2012

Summary and Recommendations

Purpose of report: To present comments from the scrutiny committee on Treasury Management Performance for 2011/2012.

Key decision? No

Scrutiny Lead Member: Councillor Mills

Executive lead member: Councillor Turner

Policy Framework:

Recommendation(s): For the City Executive Board to say if it agrees or disagrees with the following recommendations:

Recommendation 1

The committee agree with the proposed changes to the Treasury Management Strategy for 2012/2013 to:

- Increase the limit invested in MMFs to £20m.
- Add Police Authorities to the counterparty list.

Recommendation 2

For the City Executive Board to keep under active review the effects of "Right to Buy" within the HRA Business plan. In particular:

- Income streams.
- Our ability to be flexible within the funding of the capital programme to allow us to use all capital receipts from sales.

Introduction

1. The Value and Performance Scrutiny Committee considered performance within the Treasury Management Strategy for 2011/2012 and were supported in the debate by Nigel Kennedy and Anna Winship. The committee would like to thank them for their time and advice.
2. This committee is the “proper scrutiny body” within the CIPFA code and comments are made within that role. For the coming year a Finance and Performance Panel has been set made up of Councillors Fry, Mills, Simmons and Rowley. Future considerations in this area will take place at this Panel.

Comments and Recommendations

3. The committee is please to see improvements in returns on investments and overall good performance within the strategy. Loans required to finance debt repayments within housing self financing have bought a considerable new dimension to the Strategy and the Panel wish to monitor this alongside the Housing Business Plan in the future.
4. The effect of “Right to Buy” on income within the Housing Business Plan and the ability of the Council to keep all capital receipts from this source within Oxford was discussed by the committee. Members expressed concern that large discounts offered are likely to produce a high number of sales and this could affect income levels significantly. The ability to keep the remainder of the capital receipt to repay debt or invest in new social housing (or maybe both) was welcome but funding arrangements within the capital programme needed to be kept flexible to get best advantage from this.

Recommendation 1

The Committee agree with the proposed changes to the Treasury Management Strategy for 2012/2013 to:

- **Increase the limit invested in MMFs to £20m.**
- **Add Police Authorities to the counterparty list.**

Recommendation 2

For the City Executive Board to keep under active review the effects of “Right to Buy” within the HRA Business Plan. In particular:

- **Income streams.**

- **Our ability to be flexible within the funding of the capital programme to allow us to use all capital receipts from sales.**

Director and Board Member Comments

Comments will be made at the meeting.

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