

To: City Executive Board

Date: 12 February 2015

Report of: Finance Panel (panel of the Scrutiny Committee)

Title of Report: Treasury Management Strategy 2015/16

Summary and Recommendations

Purpose of report: To present recommendations from the Finance Panel on the Treasury Management Strategy 2015/16

Key decision? No

Scrutiny Lead Member: Councillor Simmons, Chair of Scrutiny Committee

Executive lead member: Councillor Ed Turner, Executive Member for Finance, Asset Management and Public Health

Policy Framework: Sustaining Financial Stability

Recommendations:

1. That paragraph 14 in appendix 2 and the title of table 5 are reworded before Council is asked to approve the Treasury Management Strategy.
2. That the City Council considers all options for refinancing the £20m repayment of its external debt, which is due to be repaid in 2020/21,
3. That the City Council pursues 'real asset lettings' at a pace. This could be both a good investment and one which supports the City Council's objectives.
4. That the City Council obtains independent advice on its liquidity and borrowing potential.

Introduction

1. The Finance Panel pre-scrutinised the Treasury Management Strategy at its meeting on 5 February 2015. The Panel would like to thank Anna Winship for facilitating this discussion.

Comments and Recommendations

2. The Panel welcome the Treasury Management Strategy and the inclusion of the Ethical Investment Policy. The Panel noted that table 5 in appendix 2 shows the funding requirement associated with the HRA Capital Programme, and suggest that the title is reworded to this effect.

Recommendation 1 – That paragraph 14 in appendix 2 and the title of table 5 are reworded before Council is asked to approve the Treasury Management Strategy.

3. The Panel questioned how the City Council was planning to refinance the first £20m repayment on its external debt. The Panel heard that options were still being reviewed.

Recommendation 2 – That the City Council considers all options for refinancing the £20m repayment of its external debt in 2020/21 , to include a review of alternative options of borrowing.

4. The Panel heard that the City Council is seeking external advice on the option of investing in local property funds, or ‘real asset lettings’. The Panel note that some of the City Council’s investment property funds already include properties in Oxford.

Recommendation 3 – That the City Council pursues ‘real asset lettings’ at a pace. This could be both a good investment and one which supports the City Council’s objectives.

5. The Panel heard that the City Council obtains an independent review of its balance sheet, by its Treasury Advisors. This will provide a view on the City Council’s liquidity and borrowing potential. The Panel welcome and encourage this review.

Recommendation 4 – That the City Council obtains independent advice on its liquidity and borrowing potential.

Director and Board Member Comments

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List of background papers: None