



Meeting of the City Council

17 December 2014

Report title	Treasury Management Activity Monitoring – Mid Year Review 2014/15	
Referring body	Cabinet (Resources) Panel, 9 December 2014	
Councillor to present report	Cllr Andrew Johnson	
Wards affected	All	
Cabinet Member with lead responsibility	Cllr Andrew Johnson Resources	
Strategic director	Keith Ireland, Managing Director Sarah Norman, Community Tim Johnson, Education and Enterprise	
Originating service	Strategic Finance	
Contact employee(s)	Mark Taylor	Assistant Director Finance 01902 556609 Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Cabinet (Resources) Panel	6 November 2014 9 December 2014

Recommendation(s) for action or decision:

The Council is recommended to:

1. Approve:

- (a) The revised upper limits for treasury management indicator (TMI 2) – upper and lower limits to the maturity structure of its borrowing.
- (b) The revised Annual Minimum Revenue Provision (MRP) Statement for 2014/15, the new method of calculating MRP being on an annuity basis set out in appendix G.

2. Note the contents of the report, and particularly that:
- (a) A mid-year review of the Treasury Management Strategy Statement has been undertaken and the Council has operated within the limits and requirements approved in March 2014 except for temporarily exceeding TMI 2 – upper and lower limits to the maturity structure of its borrowing until revised limits are approved by Council (recommendation one of the report) in order to generate savings by taking advantage of exceptionally low short term interest rates.
 - (b) Savings of £4.4 million for the General Fund and £6.0 million for the Housing Revenue Account are forecast from treasury management activities in 2014/15.
 - (c) Some of the credit ratings currently used in the Council's Annual Investment Strategy approved by Council in March 2014 will need to be amended in light of regulatory changes in the financial sector.

1.0 Purpose

- 1.1 To provide Council with a monitoring and progress report on Treasury Management Activity for the second quarter of 2014/15 as part of the mid-year review, in line with the Prudential Indicators approved by Council in March 2014.

2.0 Background

- 2.1 On 9 December 2014 Cabinet (Resources) Panel considered a report on 'Treasury management activity monitoring – mid-year review 2014/15'. The report can be accessed online on the Council's website by following the link:

<http://wolverhampton.moderngov.co.uk/documents/s6286/Treasury%20Qtr%20Mid%20Yr%20V5.pdf>

- 2.2 Cabinet (Resources) Panel recommended to Full Council that it:

1. Approve:

- (a) The revised upper limits for treasury management indicator (TMI) 2 – upper and lower limits to the maturity structure of its borrowing (paragraph 3.4).
- (b) The revised Annual Minimum Revenue Provision (MRP) Statement for 2014/15, the new method of calculating MRP being on an annuity basis set out in appendix G to the report.

2. Note the contents of the report, and particularly that:

- (a) A mid-year review of the Treasury Management Strategy Statement has been undertaken and the Council has operated within the limits and requirements approved in March 2014 except for temporarily exceeding TMI 2 – upper and lower limits to the maturity structure of its borrowing until revised limits are approved by Council (recommendation one of the report) in order to generate savings by taking advantage of exceptionally low short term interest rates.
- (b) Savings of £4.4 million for the General Fund and £6.0 million for the Housing Revenue Account are forecast from treasury management activities in 2014/15.
- (c) Some of the credit ratings currently used in the Council's Annual Investment Strategy approved by Council in March 2014 will need to be amended in light of regulatory changes in the financial sector.

3.0 Financial, legal, equalities, environmental, human resources and corporate landlord implications

- 3.1 The implications are detailed in the Cabinet (Resources) Panel report of 9 December 2014.

4.0 Schedule of background papers

- 4.1 9 December 2014 Cabinet (Resources) Panel report – Treasury Management Activity Monitoring – Mid-Year Review 2014/15