

Contact Officer: Andrea Woodside

## **KIRKLEES COUNCIL**

### **CORPORATE GOVERNANCE AND AUDIT COMMITTEE**

**Friday 20th January 2017**

Present: Councillor Hilary Richards (Chair)  
Councillor Carole Pattison  
Councillor Kath Pinnock  
Councillor John Taylor  
Councillor Andrew Marchington

Apologies: Councillor Julie Stewart-Turner

#### **1 Membership of the Committee**

Councillor Marchington substituted for Councillor Wilkinson.  
Apologies for absence were received on behalf of Councillor Stewart-Turner.

#### **2 Minutes of Previous Meeting**

##### **RESOLVED –**

That the minutes of the meeting held on 18 November 2016 be approved as a correct record.

#### **3 Interests**

No interests were declared.

#### **4 Admission of the Public**

It was noted that all agenda items would be considered in public session.

#### **5 Deputations/Petitions**

No deputations or petitions were received.

#### **6 Public Question Time**

No questions were asked.

## 7 Treasury Management Policy

The Committee gave consideration to the Treasury Management Strategy 2017/2018, which overviewed the economy and interest rates over the next twelve months. The report was submitted in line with the CIPFA Code of Practice on Treasury Management, which required a Treasury Management Strategy to be considered before the start of the financial year.

In summary, the report (i) outlined the outlook for interest rates and credit risk and recommended an investment strategy for 2017/2018 (ii) outlined the current and estimated future levels of Council borrowing (internal and external) and recommended a borrow strategy for 2017/2018 (iii) reviewed the methodologies adopted for providing for the repayment of debt and recommend a revised policy for calculating the Minimum Revenue Provision and (iv) reviewed other treasury management matters including policy on the use of financial derivatives, prudential indicators, the use of consultants, and policy on charging interest to the Housing Revenue Account.

Paragraphs 3.17 to 3.25 of the considered report set out details of the Borrowing Strategy. The report advised that the Council was forecast to hold around £576.8m of external borrowing and other long term liabilities as at 31 March 2017. It was anticipated that the Council's total external borrowing levels over the next three years would grow by £80.5 million, and that most of this borrowing would be needed to replace internal borrowing. It was proposed to keep new borrowing to short periods and take advantage of very low interest rates forecast for the next few years which would help mitigate budgetary pressures, whilst acknowledging there may be increased interest rate risk in the longer term.

The Committee noted that work had been undertaken to review the Council's policy on Minimum Revenue Provision charged to General Fund in order to ensure that the methodologies adopted were the most appropriate. Paragraph 3.28 of the considered report set out the recommended changes. The report advised of the estimated savings that the proposed policy changes would achieve over the next four years, with ongoing savings to 2030/2031. The proposed revised version of Council's Minimum Revenue Provision Policy Statement was attached at Appendix C of the considered report.

### **RESOLVED -**

That the report be noted and submitted to the meetings of Cabinet (31 January 2017) and Council (15 February 2017) with the recommendations that approval be given to;

- (i) the borrowing strategy (paragraphs 3.10 to 3.16 refer).
- (ii) the investment strategy (paragraphs 3.17 to 3.25 and appendix A refer).
- (iii) the policy for provision of repayment of debt (appendix C refers) which reflects the changes in policy outlined in paragraph 3.28 and is to apply to 2016/2017 and 2017/2018.
- (iv) the treasury management indicators, as detailed in appendix D.