

REPORT OF CABINET

(Meeting held on 2 July 2014)

1. NEW FOREST DISTRICT COUNCIL TREE MANAGEMENT STRATEGY (REPORT A) (MINUTE NO. 12)

The Cabinet has adopted a Tree Management Strategy and associated Tree Risk Management Strategy which have been produced to guide the management of the Council's tree stock. The Strategy documents were produced with the assistance of a task and finish working group established by the Environment Overview and Scrutiny Panel. They undertook extensive research to establish best practice. The new strategy documents have been applauded by a number of the agencies that were consulted during their production, and may be adopted as a model elsewhere.

This is the first time that the Council has produced a tree management strategy for the trees within its ownership and it will have a number of uses. The Strategies will help to ensure that the Council retains a healthy and diverse tree stock into the future, in recognition of the valuable role that trees play in providing a high quality landscape that is of benefit to the health and wellbeing of residents. With the effects of changing climate and increased risk from imported tree diseases it is important that the Council is proactive in its management processes, particularly to increase diversity within the tree stock. It is also important to be able to demonstrate that the Council is managing its trees in a reasonable and responsible manner for the protection of public safety. These strategies will also keep the Council in a strong position to deal with insurance and compensation claims in a robust manner.

The strategies should also provide a good model for the retention and management of important trees in private ownership. In addition, the strategies will be presented to the next meeting of the New Forest Association of Local Councils as they may assist local councils with the management of their tree stock, which can be very significant assets in the open spaces of towns and parishes outside the National Park.

The development of the concept of the monetary value of trees is also helpful where decisions are driven by financial rationales.

Following consultation with the task and finish group, a section will be added into the Strategy that discusses ivy in relation to the management of the Council's tree stock

2. TREASURY MANAGEMENT ANNUAL OUTTURN REPORT (REPORT B) (MINUTE NO. 13)

The Cabinet considered the annual report on the performance of the treasury management function, covering the period 2013/14. The delivery of the treasury management function transferred to the Finance Service of Hampshire County Council from March 2014, although this Council retains overall responsibility for the function.

During 2013/14 the Council complied with all statutory requirements and guidance, its own Treasury Management Strategy and Investment Strategy; and with all of the prudential indicators, as set out in Appendix 1 to Report B to the Cabinet. The Council continues to take a cautious approach to borrowing, to minimise debt interest

payments without compromising the long-term stability of the portfolio. Internal resources have been used instead of external borrowing in order to lower overall treasury risk by reducing both external debt and temporary investments. There is currently no external debt against the General Fund, the majority of borrowing being in respect of the Council's housing stock. The revised funding arrangements have allowed the Council to provide an additional 60 Council houses over the last 2 years, which is a welcome achievement.

Investment activity has been carried out in strict accordance with the Authority's counterparty policy, and the officers remain vigilant to protect the Council's funds. This year short term investment activity has increased markedly, with the Council now holding Business Rates receipts money, and investing it, achieving an overall return of 0.67%.

Following the decision of the Co-operative Bank that it would no longer provide banking services to local authorities, the Council, in partnership with other local Councils is re-tendering for its banking services.

The transfer of the treasury management function to the County Council has gone smoothly, following detailed planning by officers of both Councils, and the development of good communication and the strong relationships that had been built in preceding months. Since the transfer the Council has already been able to take advantage of some improvements to its investment portfolio, achieving a better rate of return, generating additional income for this Council. Further diversification of the investment strategy is planned, in accordance with the Investment Strategy for 2014/15, which includes the reduction of the credit risk from any single counterparty to £5m.

To respond to changing context, two changes are recommended to the Investment Strategy for 2014.15. These are to further diversify the Authority's portfolio by investing in high credit quality bonds issued by banks and other private companies (with the duration of the investment linked to the bond's credit rating); and to invest a limited sum in pooled property funds, as an alternative to longer term investments with other local authorities, for which there are reducing opportunities. The imposition of a cap on the level of longer term investments means that the Council's overall liquidity and ability to respond to change will not be compromised.

RECOMMENDED:

That the proposed change in the Treasury strategy outlined at paragraph 8 of Report B to the Cabinet be approved

**Councillor B Rickman
CHAIRMAN**