

Report To: Cabinet

Date of Meeting: 25 September 2012

Lead Member / Officer: Cllr Julian Thompson-Hill

Report Author: Head of Finance and Assets

Title: Annual Treasury Management Report 2011/12
(Appendix 1)

1 What is the report about?

- 1.1 The report is about the Council's investment and borrowing activity during 2011/12. It also provides details of the economic climate at that time and shows how the Council complied with its Prudential Indicators.

2 What is the reason for making this report?

- 2.1 The main purpose of this report is to update members on the performance of the treasury management function and to demonstrate compliance with treasury limits and Prudential Indicators during 2011/12.

3 What are the Recommendations?

- 3.1 Cabinet is asked to note the Annual Treasury Management Report for 2011/12.

4 Report details

- 4.1 The report gives details of the Council's treasury management activities and an overview of the economic background for the year. The report also reports on the risk implications of treasury decisions and transactions and confirms compliance with treasury limits and Prudential Indicators.

5 How does the decision contribute to the Corporate Priorities?

- 5.1 Good investment and borrowing decisions allow additional resources to be directed to other Council services.

6 What will it cost and how will it affect other services?

- 6.1 Not applicable.

7 What consultations have been carried out?

- 7.1 The Council has consulted with its treasury advisers, Arlingclose Ltd.

Chief Financial Officer Statement

7.2 Treasury Management involves looking after significant sums of cash so it is a vital part of the Council's work. It requires a sound strategy and appropriate controls to safeguard the Council's money, to ensure that reasonable returns on investments are achieved and that debt is effectively and prudently managed.

7.3 It is a requirement of the CIPFA Code of Practice on Treasury Management for the Council to prepare an annual report on treasury activity for the previous financial year. Cabinet is required to note the performance of the Council's Treasury Management function during 2011/12 and its compliance with the Prudential Indicators as reported in the Annual TM Report 2011/12

8 What risks are there and is there anything we can do to reduce them?

8.1 Treasury Management is inherently risky but the Council is monitoring and controlling these risks as outlined in the main report. However, it is impossible to eliminate these risks completely. The council's treasury management strategy and procedures are audited annually and the latest internal audit review was positive with no significant issues raised.

9 Power to make the Decision

9.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations require local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management which determines the requirement for the Cabinet to receive an annual report on treasury activities for the previous financial year.