

Report To: Corporate Governance Committee

Date of Meeting: 14 November 2012

Lead Member / Officer: Cllr Julian Thompson-Hill

Report Author: Head of Finance and Assets

Title: Treasury Management (TM) Update Report
(Appendix 1)

1 What is the report about?

- 1.1 The TM Update Report (Appendix 1) provides details of the Council's TM activities during 2012/13 and provides background on investments and the annual TM Strategy Statement.
- 1.2 The term 'treasury management' includes the management of the council's borrowing, investments and cash flow. Approximately £0.5bn passes through the council's bank accounts every year. The council's outstanding borrowing is £134m with an average annual interest rate charge of 5.75% and at any point during the year, the council will have between £20-£35m to invest which on average earns 0.70% currently.

2 What is the reason for making this report?

- 2.1 It was agreed by Council on 27 October 2009 that the governance of TM be subjected to scrutiny by the Corporate Governance Committee. Part of this role is to receive an update on the TM activities twice a year. This is the second update of the year but it has also been expanded to include information about the TM Strategy Statement as it precedes the report in January which will include the TM Strategy Statement for 2013/14.

3 What are the Recommendations?

- 3.1 That members note the TM update report (Appendix 1).

4 Report details

- 4.1 The TM update report (Appendix 1) provides details of the following:
 - External economic environment
 - An update on any changes in the global economic conditions
 - Investments
 - An update on who we invest with and the current position

- TM Strategy Statement
 - A brief outline of what's included in advance of the report in January
- Prudential Indicators
 - An explanation of the indicators including details of when they are set and a brief introduction
- Money Laundering
 - An update on the Money Laundering Policy confirming that there haven't been any cases reported
- Future Activity
 - An update on the plans for the next six months

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.

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 Council to prepare regular TM updates.