

**TO: GOVERNANCE AND AUDIT COMMITTEE
24 JANUARY 2012**

**TREASURY MANAGEMENT REPORT
(Borough Treasurer)**

1 PURPOSE OF DECISION

1.1 To review the Treasury Management Report.

2 RECOMMENDATION

2.1 That the Committee review the Treasury Management Report prior to its approval by Council.

3 REASONS FOR RECOMMENDATION(S)

3.1 The Local Government Act 2003 requires a local authority to “have regard to” guidance issued by, or specified by, the Secretary of State. As such, the Council is required to have regard to the Prudential Code and Code of Practice on Treasury Management in the Public Sector. The Code of Practice recommends that a responsible body be nominated by the Council and having examined and assessed the effectiveness of the treasury management strategy and policies recommend them to Council. The Council has nominated the Governance and Audit Committee as the responsible body

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 None

5 SUPPORTING INFORMATION

5.1 The Local Government Act 2003 requires a local authority to “have regard to” guidance issued by, or specified by, the Secretary of State. As such, the Council is required to have regard to the Prudential Code and Code of Practice on Treasury Management in the Public Sector, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

5.2 Under the requirements of the Prudential Code, the Council must set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable. The attached Treasury Management Report outlines the Council’s Prudential Indicators for 2012/13 to 2014/15 and sets out the expected treasury operations for this period.

5.3 The Code of Practice recommends that a responsible body be nominated by the Council and having examined and assessed the effectiveness of the treasury management strategy and policies recommend them to Council. At its meeting on 2

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March 2011 Council nominated the Governance and Audit Committee as the responsible body.

- 5.4 The attached Treasury Management Report was approved by the Executive, as a part of the Council's overall budget proposals, on 13 December 2011. The Executive requested that the Governance and Audit Committee review each of the key elements. Following this review the Treasury Management Report and associated documents will be presented to Council for approval on 29 February 2012, as a part of the overall budget package and resolution on the Council Tax for 2012/13.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 Investment income is an integral part of the Council's budget and the management of investments and their associated risk is a key element of the Council's overall financial management arrangements. The primary focus is on the security of the capital sum invested and this is reflected throughout the Treasury Management Report and associated documents.

Equalities Impact Assessment

- 6.3 None required.

Strategic Risk Management Issues

- 6.4 The Treasury Management Report deals directly with the strategic management of risk associated with the Council's treasury management activities.

7 CONSULTATION

Principal Groups Consulted

- 7.1 The Overview & Scrutiny Commission will be consulted on the budget proposals which include the Treasury Management Strategy and may also choose to direct specific issues to individual overview and scrutiny panels.

Method of Consultation

- 7.2 Targeted consultation exercises will be undertaken with business rate payers, the Senior Citizens' Forum, the Schools Forum, Parish Councils and voluntary organisations. In addition, this Strategy is publicly available to any individual or group who wish to comment on any proposal included within it.

Representations Received

- 7.3 The Consultation Period remains open until 24th January 2012

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Background Papers

CIPFA Code of Practice on Treasury Management in the Public Sector
CIPFA Prudential Code
Revenue Budget 2012/13 – Executive Report 13 December 2011

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