



St Edmundsbury
BOROUGH COUNCIL

C350

Cabinet

15 February 2012

Report of the Performance and Audit Scrutiny Committee: Annual Treasury Management and Investment Strategy 2012/2013 and April to December 2011 Performance Report

1. Following the Treasury Management Sub-Committee's meeting on 23 January 2012, the Chairman of the Committee, also Chairman of the Treasury Management Sub-Committee, reported on the Sub-Committee's consideration of the above report.
2. The report provided an update on treasury management activity and performance for the period 1 April to 31 December 2011, advised Members of changes made to the Council's lending criteria since its last meeting and of the outcome of the recent joint procurement exercise for the appointment of the Council's Treasury Management Advisers, and sought approval for the Annual Treasury Management and Investment Strategy Statements for 2012/2013 and Prudential Indicators.
3. As at the end of December 2011 interest earned during the first 9 months of the financial year amounted to £0.433m against the profiled budget for the period of £0.354m, a budgetary surplus of £0.079m. This surplus was primarily due to higher than projected average cash holdings during the period arising from timing differences between planned and actual capital expenditure and receipts cashflows. The average rate of interest achieved during the period was 1.45% against the target rate of 1.50%, reflecting the continued difficulties experienced in finding attractive rates of interest with financial institutions which could deliver the required level of security.
4. Changes in the Council's lending criteria had also been discussed by the Sub-Committee, as well as the Annual Treasury Management and Investment Strategy statements for 2012/2013 and Prudential Indicators, which were recommended for approval.
5. The Committee discussed a number of areas of the report, including the degree of risk involved in the Council's investments, and the joint procurement exercise for the appointment of treasury management advisers.

6. The Committee endorsed the Sub-Committee's **recommendation that the Annual Treasury Management and Investment Strategy Statements for 2012/2013 and Prudential Indicators, as detailed in Appendix 3 to Report C294, be approved.**

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