

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

15th December 2011

TREASURY MANAGEMENT 2010/11

Relevant Portfolio Holder	Cllr Roger Hollingworth
Relevant Head of Service	Jayne Pickering Executive Director of Finance and Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To report to Members on the Council's Treasury Management performance for the financial year 2010/11.

2. RECOMMENDATIONS

- (a) That the Audit Board note the performance of the Treasury Management Function during 2010/11 as detailed in Appendix 1.
- (b) That the Audit Board recommend to Full Council the approval of the maximum level of investment to be held within each organisation (ie bank or building society) as detailed at £3m subject to market conditions.

3. KEY ISSUES

- 3.1 In accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management Code of Practice adopted by the Council, the Audit Board annually considers a report on the activities, strategy and performance of the Council's Treasury Management function.
- 3.2 Treasury Management is about managing the Council's cash flow and investments to support Bromsgrove's finances for the benefit of the Council Tax payers and the services that the Council provides. These activities are structured to manage risk foremost, and then optimise performance.
- 3.3 The Treasury Management function strives to ensure the stability of the Council's financial position by sound debt, cash and risk management techniques. The need to minimise risk and volatility is constantly addressed whilst aiming to achieve the treasury management objectives.
- 3.4 The challenging economic environment of the previous year continued during the financial year 2010/11, interest rates remained low although during the year money market rates increased marginally.

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- 3.5 During the year an internal audit review of the Treasury Management function was completed. The audit opinion was of Full Assurance in all of the nine areas covered within the scope of this audit, concluding that there are sound arrangements and controls in place.
- 3.6 The Council's treasury management activities are regulated by statute, professional codes and official guidance. The Local Governance Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits.
- 3.7 The bank base rate has remained at 0.5% since 5th March 2009.
- 3.8 In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, Bromsgrove District Council has adopted the Treasury Management Framework and Policy recommended by CIPFA.

Financial Implications

- 3.9 The financial implications are contained within the body of the Annual Treasury Report at Appendix 1.

Legal Implications

- 3.10 This is a statutory report under the Local Government Act 2003.

Service/Operational Implications

- 3.11 The Strategy Statement ensures that the Council invests its resources within a robust and effective framework to deliver a maximum return on investments within a secure environment. This Annual Treasury Report compares the outcome of the Treasury Management Service against its annual targets.

Customer/Equalities and Diversity Implications

- 3.12 No direct implications.

4. RISK MANAGEMENT

- 4.1 No direct implications

5. APPENDICES

Appendix 1 Annual Treasury Outturn Report

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6. BACKGROUND PAPERS

Treasury Management Strategy Report

AUTHOR OF REPORT

Name: Deborah Randall – Accountancy Services Manager
E Mail: d.randall@bromsgrove.gov.uk
Tel: (01527) 881235