

TITLE:	2006/07 TREASURY MANAGEMENT & ANNUAL INVESTMENT STATEMENT
TO/ON:	CABINET – 29TH MARCH 2006
BY:	HEAD OF FINANCIAL SERVICES
PORTFOLIO HOLDER:	CABINET MEMBER FOR FINANCE AND RISK MANAGEMENT
STATUS:	FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to advise Officers / Members of the council on the Treasury Management Strategy for 2006/07

2. RECOMMENDATIONS

- 2.1 To recommend approval by Full Council: the Treasury Management Strategy and Annual Investment Statement for 2006/07

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

3.1 Treasury Management Strategy and Annual Investment Statement

- 3.1.1 The Local Government Act 2003 requires the Council to ‘have regard to ‘the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

- 3.1.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments and is based on the CIPFA Code of Practice for Treasury Management.

- 3.1.3 The suggested strategy for 2006/07 in respect of the following aspects of the treasury management function is based upon the officers’ views on interest

rates, supplemented with leading market forecasts provided by the Council's treasury advisor (ie Sector Treasury Management).

3.1.4 Section seven of the CIPFA Code of Practice provides detail on the treasury management practices organizations engage in relevant to its treasury management powers and the scope of its treasury management activities. The Head of Financial Services will seek to review the Councils practices during the new financial year.

3.1.5 The biggest change for the Council compared to previous years is the impact on external borrowing requirements which as a result of Housing Stock Transfer, scheduled for 27th March 2006, will be eliminated in full. This will have a positive impact on future General Fund financing costs.

3.1.6 The strategy is reported in full in Appendix 1. Attention should be drawn to the glossary of terms and examples at the end of Appendix 1.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

4.1.1 See main report

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

4.2.1 Members should ensure that financial resources are directed towards the Councils' corporate priorities.

4.3 HUMAN RESOURCES

4.3.1 No material issues.

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

4.4.1 No other material issues.

5. RISK

5.1 The objectives of the Treasury Strategic are to ensure that borrowing is both affordable and sustainable in line with the Prudential Code. In addition it ensures that the Council's investment portfolio is structured in such a way as not to expose the Council to undue risk.

6 LEGAL IMPLICATIONS ARISING FROM THE REPORT

6.1 No material issues

7 EQUALITIES ISSUES ARISING FROM THE REPORT

7.1 No material implications

8 WARDS AFFECTED

8.1 All Wards

9 CONSULTATIONS

9.1 Members

9.2 Offices

10 Background documents:

10.1 None

10.2 Appendix attached

**For further information on the details of this report, please contact:
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