

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
27 JANUARY 2010

EXECUTIVE
9 FEBRUARY 2010

TREASURY MANAGEMENT STRATEGY REPORT 2010/11

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2010/11, as required under section 15(1)(a) of the Local Government Act 2003.

2. BACKGROUND

- 2.1 In February 2004 the Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year.
- 2.2 Following a report by Parliament's Communities and Local Government Select Committee in May 2009, CIPFA published a revised Code of Practice in November 2009. The Council is currently considering the full implications of the revised Code, but those relating to the treasury management strategy have been incorporated into this report.
- 2.3 In addition, the Department for Communities and Local Government (CLG) is currently consulting on revised guidance on local authority investments, which is expected to apply from April 2010 onwards. Both the existing 2004 guidance and the proposed 2010 guidance require the Council to approve an investment strategy before the start of each financial year.
- 2.4 This report fulfils the Council's expected obligations under the draft revised CLG guidance and formalises the practices and procedures that have been followed by the Council. If the final guidance issued by CLG differs materially from the draft, then Council will be asked to approve an amended strategy at a later meeting.

3. CHANGES TO THE STRATEGY

- 3.1 The Strategy has been extended to form an overall Treasury Management Strategy as required by the CIPFA Treasury Management Code of Practice. Clarification of our Counterparties has also been included.

4. RISKS INVOLVED

- 4.1 The economic conditions of the past 18 months have demonstrated the risks involved in Treasury Management. The Council is still awaiting the final outcome of the winding up process of the Icelandic Banks and has strengthened its lending criteria substantially since then.

5. CONCLUSIONS

- 5.1 The Strategy continues to limit the types of institution that the Council will lend money to, in order to minimise risk.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Executive recommend to Council the adoption of the Treasury Management Strategy and delegations contained therein.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended) Background Papers used in compiling this report:

1. Treasury Management Strategy
2. Fund Manager Contracts