

**REPORT ON THE REVISIONS TO THE TREASURY MANAGEMENT  
STRATEGY STATEMENT AND INVESTMENT STRATEGY 2011/12 TO  
2013/14**

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**SUMMARY**

Audit Committee considered the draft Annual Treasury Management Strategy Statement and Investment Strategy for 2011/12 to 2013/14 at the December 2010 meeting. This was in advance of the final Statement being presented to Cabinet and Council in February 2011.

As part of the scrutiny process members requested that a further report should be brought to the March Audit Committee detailing the changes from the draft to the final version of the Statement.

**RECOMMENDATIONS**

That the contents of the report are noted.

**INFORMATION – Amendments to the Annual Treasury Management  
Strategy Statement and Investment Strategy for 2011/12 to 2013/14**

Throughout the report there are various presentational changes and rephrasing of several sections, which should have been done prior to Audit Committee receiving the report in December. Officers will ensure better management of this report in 2011.

The figures in all the tables have been updated in line with the final capital programme for 2011/12 and beyond, and the most recent estimates as at the end of January.

A summary has been added to the start of the Statement to assist in the understanding of the purpose of the report.

**Section 2: Balance Sheet and Treasury Position**

2.4: Additional paragraph to explain the variance in capital expenditure figures quoted in the treasury statement compared to the Council budget.

2.7: Additional paragraph which explains that the incremental impact on Council Tax figures quoted for 2010/11 and 2011/12 have been offset by savings and efficiencies.

2.8 (previously 2.6): Update of text following the publication of the Localism Bill to better explain the implications of the Council House reform during 2011/12 and to include contingency amounts for Authorised Limit and Operational Boundary.

2.9 (previously 2.7): Reduction in estimated interest payments in 2011/12 from £6.9m to £6.7m.

### **Section 3: Borrowing and Rescheduling Strategy**

3.2 & 3.3: Tables updated to include Housing Subsidy Reform Funding in Authorised Limit and Operational Boundary.

3.5: Local Authority Bills added as a potential source of borrowing.

3.13: Explanation included about net interest rate exposure totals and about the new individual limits for 2011/12 with variable and fixed interest rate exposure for debt and investment. The presentation of the table has been revised and to include benchmarks.

3.14: Table change: Increase in the 5–10 year maturity limit from 50% to 75% to allow greater capacity for more cost effective borrowing at the shorter end of the maturity curve.

### **Section 4: Investment Policy and Strategy**

4.4: Local Authority Bills added to the list of amendments to the 2011/12 Annual Investment Strategy. Explanatory text included to provide the rationale for all of the amendments.

Old 4.5 removed.

4.12 (previously 4.13): Estimated limits for principal sums invested for over 364 days for future years changed - 11/12 from £35m to £17m, 12/13 from £33m to £28m, and 13/14 from £31m to £35m. The changes reflect revised Capital Financing Requirements and subsequent net borrowing figures, resulting from alterations in expenditure profiles on Council resourced projects and further capital programme development.

4.13: merger of previous 4.14 and 4.15 and reworded.

4.15 (previously 4.17): Updated wording from “SORP” to “IFRS based Code of Practice”.

**Appendix A:** Table updated to show figures as at 31 January 2011, previously 30 November 2010.

**Appendix B:** Updated Arlingclose Economic and Interest Rate Forecast.

**Appendix C Specified Investments:** now includes Local Authority Bills as an investment option. Market Funds and other MMF's and CIS's limits now show "per fund" rather than "per institution"

**Appendix D Non Specified Investments:** Adjustment made to Money Market Fund aggregate limit to separate out a specific limit for funds included under Non Specified Investments from funds included within Specified Investments. The entry relating to 'Pooled Funds which are not Capital Expenditure' has been removed.