

Audit Committee

Meeting to be held on 24 January 2011

Electoral Division affected: All

Update on treasury management activity

Appendix 'A' refers

Contact for further information:

Mike Jensen, 01772 534742, Resources Directorate
mike.jensen@lancashire.gov.uk

Executive Summary

The revised treasury management policy 2009-10 was approved by full Council on 17th December 2009. Full Council approved the Annual Treasury Management Strategy 2010/11 on 25th February 2010. Implementation of the new strategy began on 4th of January 2010 and this report updates the progress made under the new strategy in terms of de-risking the investment portfolio whilst improving investment returns. As part of the Comprehensive Spending Review the Government increased the cost of borrowing to Local Authorities. The implications for future financing of capital expenditure is that borrowing from the market will be cheaper than from the Public Works Loans Board. Consequently plans are now being developed to raise funds in capital markets.

Recommendation

The Committee is asked to note the report on recent treasury management activities in Appendix 'A'.

Background and advice

At the meeting of the Cabinet on 9 July 2009 it was agreed that in order to strengthen members' oversight of the County Council's treasury management activities, the Audit Committee should monitor and scrutinise regular updates on treasury management issues. Reports on treasury activity are discussed on a monthly basis with the Executive Director for Resources and the content of these reports is used as a basis for this report to the Committee. The aim of the report is to inform members of the general economic environment surrounding treasury management activities and to set out the position on the borrowing and lending activities of the County Council.

The overall position set out in the report at Appendix 'A' is one where the County Council is reducing credit risk whilst maintaining investment income rates and also making plans to raise future capital financing funds in capital markets.

Consultations

Sector Treasury Services Limited provides advice on treasury management.

Risk management

The County Council's treasury strategy and review set out a policy in respect of borrowing and lending activity and how risks associated with these activities are managed and monitored.

Alternative options to be considered

N/A

Implications: e.g. Financial, Legal, Personnel, Human Rights, Crime and Disorder or Other

This item has the following implications:

N/A

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Ext
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N/A