

CAA/08/2006

KENNET DISTRICT COUNCIL

RESOURCES EXECUTIVE COMMITTEE
to be held on 21st March 2006

Report by Janet Ditte, Chief Accountant & Auditor

**Treasury Management Policy Statement and Annual
Investment Strategy**

1. Purpose of Report

The purpose of this report is to present an amended version Treasury Management Policy Statement and Practices and set the Annual Investment Strategy for 2006/2007.

2. Financial, Staffing and Legal Implications

The Treasury Management Code of Practice and the Guidance on Local Authority Investments, which derive their powers from the Local Government Act 2003, require reports to the Council relating to the Treasury Management Policy and Strategy. This report ensures that these legal requirements are fulfilled.

3. Risk Implications

There is inevitably an element of risk associated with the investment of the Council's surplus capital and revenue reserves. However, the Treasury Management Code of Practice and Guidance on Local Authority Investments both ensure that this risk is minimised. The adoption of the Treasury Management Policy Statement and Annual Investment Strategy ensure that the Council has actively managed its risk in this area.

4. Background

The Treasury Management Code of Practice¹ sets out the proper practice to be followed by local authorities in the management of its treasury management functions. This document requires local authorities to create and maintain, as the cornerstones for effective treasury management:

¹ Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, published by CIPFA 2001

- A treasury management policy statement, stating the policies and objectives of its treasury management activities;
- Suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The format of the document is prescribed in the Code of Practice.

5. Treasury Management Policy Statement

Following the adoption of the Treasury Management Policy Statement (TMPS) and Practices at the Resources Executive Committee held in March 2005, it has been necessary to amend it slightly to incorporate changes requested by the Council's appointed Fund Managers, to allow them to invest short-term cash balances in a Money Market Fund. These amendments have been previously reported to members. A revised version of the Policy Statement and Treasury Management Practices, incorporating these amendments, is attached at Appendix A.

6. Annual Investment Strategy

It is a requirement of the Treasury Management Code of Practice and Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003, that the Council set an Annual Investment Strategy for the coming year prior to the commencement of that financial year. This document is attached as Appendix A to the Treasury Management Policy Statement and Practices.

7. Conclusions

An updated version of Treasury Management Policy Statement and Annual Investment Strategy for 2005/2006 is presented to Members for approval.

8. Recommendations

IT IS THEREFORE RECOMMENDED THAT the committee

- (1) Adopt the revised Treasury Management Policy Statement and Treasury Management Practices (Appendix A)
- (2) Adopt the Annual Investment Strategy for 2005/2006 (Appendix A of Treasury Management Policy Statement)

February 2006

