



**Cabinet recommendation for consideration by Council  
at the Council Meeting on Wednesday, 20 July 2011**

**Cabinet – 12 July 2011**

**29 Annual Treasury Management Report 2010/2011**

The Cabinet considered Report No 121/11 relating to the Annual Report on the Council's Treasury Management activities in 2010/11, a copy of which was set out at Appendix 1 thereto.

Such Management in local government was governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management in the Public Services which the Council had adopted and complied with its requirements.

Treasury operations related to the management of:

- Banking and cash flows;
- Investments;
- Borrowing to meet capital funding requirements; and
- The effective control of the risks associated with the above activities and the pursuit of capital preservation and then performance consistent with those risks.

Treasury management had become increasingly important following the international financial crisis in autumn 2008 after which CIPFA had recommended some changes including a specific ongoing scrutiny function within each council.

The Government's Communities and Local Government department had also issued revised Guidance on Local Authority Investments following which the Council had responded by amending the Audit Committee remit to include the review of Treasury Management Policies and the Treasury

Strategy. Furthermore, it had implemented a procedure to receive details of all Treasury Management investment and borrowing transactions at each meeting of Cabinet.

The Prudential Capital Finance System had come into force on 1 April 2004. The Council determined its capital expenditure and was able to borrow or use alternative financing methods to finance capital spending. The Prudential Code for Capital Finance in Local Authorities required councils to set indicators, some of which were statutory limits, as part of the annual Treasury Strategy and to report on them within the Annual Report at year-end.

Recommended:

**29.1** That the Annual Treasury Management Report for 2010/2011, as set out at Appendix 1 to Report No 121/11, be approved.

Reasons for the Decision:

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy which has been adopted by the Council.

† *Councillors are requested to bring with them to the meeting Report No 121/11 which was circulated with the agenda papers for the meeting of the Cabinet on 12 July 2011. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail [trevor.hayward@lewes.gov.uk](mailto:trevor.hayward@lewes.gov.uk) or telephone 01273 484122*