By:	Cabinet Member for Finance
	Director of Finance
To:	Governance and Audit Committee – 30 June 2010
Subject:	**TREASURY MANAGEMENT UPDATE**
Classification:	Unrestricted

| Summary: | To present a quarterly treasury management update. |

FOR INFORMATION

INTRODUCTION

1.   This is the quarterly update on treasury management issues.

TREASURY ADVISORY GROUP

2.   There has been no TAG meeting since the last report to this Committee.

SUMMARY OF DEVELOPMENTS

3.   A report was submitted to Cabinet on 14 June covering:

- Duration of investments – agreeing the TAG recommendation to allow maximum duration to be extended from 6 to 12 months. Moving to longer duration deposits would only be done with the strongest of counterparties (equivalent to DMO) and TAG members will be consulted with before such a deposit is made.

- Borrowing – the Council had not undertaken any long term borrowing since February 2009. In late May as part of the turbulence in financial markets linked to concerns over the Euro, long term gilt rates moved significantly lower. We took the opportunity to:

  - Borrow from the PWLB £25m for 22 years at 4.27% and £25m for 38 years at 4.29%. Rates have since moved up.

  - Refinance £50m of loans maturing in August 2011 with a year market loan with RBS at 3.83%.

- Icelandic litigation – fully set out the litigation process in Iceland.

4.   On 30 April £40m in a call account with Santander UK was withdrawn. We are monitoring the position and no further deposits have been placed with Santander UK.

5.   The Internal Audit Treasury Management Follow Up Review has been received. The audit opinion is High and an extract of the findings is attached in Appendix 1.

6.   The bank tender evaluation is currently being finalised.

QUARTERLY PERFORMANCE REPORT

7.   Given the timing of this meeting the quarterly performance report has not yet been produced.

STATEMENT OF DEPOSITS

8.   A statement as at 11 June is attached in the Appendix 2.

RECOMMENDATION

9.   Members are asked to note this report.

Nick Vickers
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