

By: John Simmonds, Cabinet Member for Finance  
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To: Governance and Audit Committee –14 September 2011

Subject: **TREASURY MANAGEMENT UPDATE**

Classification: Unrestricted

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Summary: To report a summary of Treasury Management activity

**FOR ASSURANCE**

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### **INTRODUCTION**

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

### **STATEMENT OF DEPOSITS**

2. A statement of deposits as at 26 August is attached in Appendix 1. This statement is circulated to members of Treasury Advisory Group every Friday.

### **MONTHLY PERFORMANCE REPORT**

3. The Treasury & Investments Manager produces a monthly report for all members of Treasury Advisory Group. The July report is attached in Appendix 2.

### **SUMMARY OF DEVELOPMENTS**

4. Treasury Advisory Group met on 17 June and 29 July. The group's membership is the Cabinet Member for Finance (Chair), Deputy Cabinet Member for Finance, Deputy Leader, Chairman Superannuation Committee, Chairman Corporate Policy Overview and Scrutiny Committee, Labour Group Leader and Liberal Democrat Finance Spokesman. The group is a sub-group of Cabinet and is advised by Arlingclose the Council's treasury consultants.
5. The focus of attention at both meetings was the counter party list which remains highly restricted. The group agreed to maintain the suspension of Santander and Clydesdale and keep under constant review with a formal report on options to Cabinet in the autumn. There is concern about the very low rates of return from funds placed with the Debt Management office but the continued turmoil in financial markets does not give sufficient

assurance to be able to introduce other counter parties or increase limit levels with existing counter parties.

6. On 11 August Arlingclose recommended that the maximum duration for the UK institutions we currently use should be reduced from 12 months to 6 months. This was implemented immediately. Interestingly their limit for Clydesdale was reduced to 7 days and Santander UK 3 months.
7. The Landisbanki and Glitnir appeals will be heard by the Icelandic Supreme Court in September and the Head of Financial Services and the Local Government Association Director of Finance will be present representing UK local authorities and supporting our Icelandic and UK legal teams.

### **RECOMMENDATION**

8. Members are asked to note this report for assurance.

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