

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**               **TUESDAY, 16 OCTOBER 2012**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **TREASURY MANAGEMENT MID YEAR UPDATE**

**1.00**   **PURPOSE OF REPORT**

1.01    To present to Members the Treasury Management Mid Year Report for 2012/13 for recommendation to Council.

**2.00**   **BACKGROUND**

2.01    The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Head of Finance, who acts in accordance with the Council's Policy and Strategy Statement and Treasury Management Practices.

2.02    On 1<sup>st</sup> March 2012 the Council approved the Treasury Management Policy and Strategy Statement for 2012/13. The mid Year Report reviews the activities and performance of the treasury management operations during the period 1<sup>st</sup> April – 31<sup>st</sup> August 2012 and compares this with the Policy Statement.

2.03    The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**3.00**   **CONSIDERATIONS**

3.01    Treasury Management updates have been provided to the Audit Committee at each quarterly meeting so far during 2012/13 and the Audit Committee also receives this Mid Year update on 25<sup>th</sup> September 2012.

3.02    The Audit Committee resolved as follows:-

- (a) that the report be noted
- (b) the Treasury Management Mid Year Report 2012/13 be presented to Cabinet on 16<sup>th</sup> October 2012.

3.03 The Treasury Management Mid Year Report 2012/13 is attached. In summary, the key points are:

- Performance during the period was broadly in line with the expectations of the Policy Statement 2012/13.
- Our low risk strategy of investing for a maximum term of 3 months continues, with consideration given to suitable longer term investments as appropriate.
- We continue to utilise AAA rated Money Market Funds – as at 31<sup>st</sup> August 2012, £22.1m was invested across 4 separate funds.
- Internal Audit reviewed the treasury management function and concluded that in their opinion the operation provides a substantial level of assurance.
- Responsibility for the Council’s treasury management function is in the process of being transferred to the Strategy and Technical team in Corporate Finance.
- The treasury function operated within the limits detailed in the Treasury Management Policy and Strategy Statement 2012/13 with one exception; an investment was made with a counterparty that had recently been placed at risk of falling below the Council’s criteria because it was on review for possible downgrade. The error was identified the next day and immediate action was taken to recover the investment. The investment has now been returned, and the internal controls have been improved to ensure that such an error will not happen again. Further details in paragraph 5.04 of the Mid Year Report.

#### **4.00 RECOMMENDATIONS**

4.01 That the Cabinet approves and recommends to the Council the Treasury Management Mid Year Report 2012/13.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the Mid Year Report.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Sterling Consultancy Services as Treasury Management Advisers.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Sterling Consultancy Services as Treasury Management Advisers.

**12.00 APPENDICES**

12.01 Treasury Management Mid Year Report 2012/13.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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