

<p align="center">Council Meeting 1 March 2011</p>
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REPORT OF THE DEMOCRATIC SERVICES MANAGER
AGENDA ITEM 5.3

5.3.1 COUNCIL'S APPROVAL OF THE TREASURY MANAGEMENT STRATEGY

Subject to Council agreeing the recommendations of the Special Committee (Committee Review) that Council approves the Treasury Management Structure for 2011/12 subject to further amendments as follows:

5.3.2 REPORT OF CABINET – 14 FEBRUARY 2011: AMENDMENT TO AGENDA ITEM 5E APPENDIX 9 – TREASURY MANAGEMENT STRATEGY

5.3.3 The Cabinet report "Budget, Council Tax and Medium Term Financial Strategy 2011/12 to 2013/14" that was approved on 14th February 2011 included the Treasury Management Strategy as an appendix. This report included two errors that need to be corrected. They are as follows:

5.3.4 The table below (paragraph 2.1 in the original report) is derived from Annex A to the Treasury Strategy. This was not updated following the amendment of the report to include potential borrowing in respect of the Housing Revenue Account reform. It should read as follows:

	31/03/2011 Estimate £000	31/03/2012 Estimate £000	31/03/2013 Estimate £000	31/03/2014 Estimate £000
General Fund CFR	173,427	187,889	181,088	172,709
HRA CFR	97,889	97,889	215,889	215,889
Total CFR	271,316	285,778	396,977	388,598
Less:				
Existing Profile of Borrowing and Other Long Term Liabilities	-220,656	-219,402	-219,171	-218,909
Cumulative Maximum Additional External Borrowing Requirement	50,660	66,376	177,806	169,689
Balances & Reserves	-69,984	-69,097	-69,247	-68,317
Cumulative Net Borrowing Requirement/(Investments)	-19,324	-2,721	108,559	101,372

5.3.5 The last line of figures in Annex A in the original report should have been negative, not positive. The correct table is presented below:

	Current Portfolio £m	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m	31 Mar 14 Estimate £m
External Borrowing:	147,000				139,000

Fixed Rate – PWLB	67,500	140,000	139,000	139,000	62,500
Fixed Rate – Market	-	62,500	62,500	62,500	-
Variable Rate – PWLB	-	-	-	-	-
Variable Rate – Market	214,500	-	-	-	201,500
Total External Borrowing		202,500	201,500	201,500	
Existing long-term liabilities	214,500	202,500	201,500	201,500	201,500
IFRS Long Term Liabilities:					
- PFI	15,859	18,156	17,902	17,671	17,409
- Operating Leases					
Total Gross External Debt	230,359	220,656	219,402	219,171	218,909
Investments:					
<i>Managed in-house</i>					
- Short-term monies (Deposits/ monies on call /MMFs)	187,500	137,485	136,313	132,313	132,313
- Long-term investments (maturities over 12 months)					
Total Investments	187,500	137,485	136,313	132,313	132,313
(Net Borrowing Position)/ Net Investment position	-42,859	-83,171	-83,089	-86,858	-86,596

5.3.6 Council are asked to approve these amendments to the Treasury Management Strategy for 2011/12.

RECOMMEND - That

1. Council approve the above amendments to Agenda Item 5E, Appendix 9 - Treasury Management Strategy of the Report of Cabinet – 14 February 2011.
2. Council approve the Treasury Management Strategy

Aysen Giritli
Democratic Services Manager