

**To: City Executive Board**

**Date: 11<sup>th</sup>. September 2013**

**Report of: The Scrutiny Finance Panel**

**Title of Report: Treasury Management**

### **Summary and Recommendations**

**Purpose of report:** To report the comments and recommendations of the Scrutiny Finance Panel on Treasury Management.

**Key decision: No**

**Scrutiny Lead Member: Councillor Simmons.**

**Executive Lead Member: Councillor Turner.**

**Policy Framework: Efficient, Effective Council.**

**Recommendation(s): For the City Executive Board to say if it agrees or disagrees with the following recommendation.**

### **Introduction**

1. The Scrutiny Finance Panel considered the Treasury Management outturn for 2012 – 2013 and the quarter 1 performance for 2013 – 2014. They were supported in their debate by Anna Winship, the Panel would like to thank her for her time and advice.
2. The Panel was pleased to see good performance against prudential indicators and that the budget target for investment income is on track to be achieved. However, this was due to higher than expected funds rather than meeting the target rate of return. A number of recommendations are presented for consideration by the City Executive Board around the management of the investment fund.

## **Conclusions and Recommendation**

3. The Panel noted the high levels of investment balances with a peak of £64m in June. It seems likely that these levels will continue going forward. The management of this level of available investment with falling average rate of return is a concern to Panel.
4. Opportunities taken by officers to invest in property funds have been successful and the Panel welcomed this diversification but noted the limits placed on non-specified investments would limit opportunities. The Panel wants to see a change in this area.

### **Recommendation 1**

**To raise the non-specified investment limits from their current levels and redefine what is grouped in this area to manage risk, in an effort to encourage investment diversity and higher rates of return.**

### **Recommendation 2**

**Wherever it provides for good value for money to consider using investment funds for internal borrowing in order to avoid prudential borrowing.**

### **Comments from the Director and Board Member**

5. Comments at the meeting.

<b>Name and contact details of author:-</b>
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**List of background papers: None**

**Version number: 2**