

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

05 February 2008

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Council

1 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2008/09

To seek Member approval of the Annual Treasury Management and Annual Investment Strategies for 2008/09, as required by the Local Government Act 2003.

1.1 Introduction

- 1.1.1 The Local Government Act 2003 requires the Council to 'have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 1.1.2 The Act, therefore, requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.1.3 The two strategies are set out in a single statement at **[ANNEX 1]** to this report. As this is a complex technical document and is a specialist area of work, I should be grateful if members could **raise any queries with the author of this report (John Pickup 6112) in advance of the meeting as John will not be present on 5 February.**

1.2 Legal Implications

- 1.2.1 These are as set out above and at **[ANNEX 1]** to this report. In addition Sector Treasury Services are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.3 Financial and Value for Money Considerations

- 1.3.1 The performance of our fund manager and internal management of core funds is monitored against all of the players in the public sector cash management market

place using data provided by Sector Treasury Services, our treasury management consultants. In addition, internal cash flow investments are monitored against the money market and a passive investment policy.

1.4 Risk Assessment

1.4.1 Sector Treasury Services are employed to advise on the content of the strategies and this, coupled with a regular audit of treasury activities ensures that the requirements of them and the Treasury Policy Statement adopted by this Council are fully complied with. In the light of these safeguards and stringent Treasury Management Procedures any risk to the authority implicit in these strategies is considered to be minimal.

1.5 Recommendations

1.5.1 I **RECOMMEND** that:

- 1) Cabinet consider the combined Treasury Management Strategy Statement and Annual Investment Strategy for 2008/09 set out at **[ANNEX 1]**; and
- 2) Recommend the adoption of the same to full Council.

Background papers:

Contact: John Pickup

Templates and forecasts provided by Sector and Investec.

Sharon J Shelton
Director of Finance