

---

## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 1 JUNE 2012**

---

**EX.060/12 TREASURY MANAGEMENT OUTTURN 2011/12**  
(Key Decision – KD.005/12)

**Portfolio** Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel** Resources

**Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.12/12 providing the annual report on Treasury Management, as required under both the Financial Procedure Rules and the CIPFA Code of Practice on Treasury Management. He also submitted the regular report on Treasury Transactions for the period 1 January 2012 to 31 March 2012. Members' attention was further drawn to developments in the Money Markets over the previous twelve months and their effect on the Council's investments, together with the various performance statistics included within the report.

The City Council had only one substantial long term loan (the £15m stock issue) which was likely to remain on the books for some time yet as the cost of making a premature repayment would be very prohibitive in the present climate, particularly with interest rates being at such depressed levels. There were no plans to undertake any prudential or other borrowing during the current financial year. The focus of the authority's treasury management activities remained therefore very much on the investment aspect of the function.

He added that although investment conditions were, in one sense, as exceptional in 2011/12 as had been the case during the previous year, they were very different as investors coped with some of the lowest interest rates ever seen in the world economy. Although the effect on the City Council's investment interest was slightly down on the previous year, the performance achieved was significantly better than was originally budgeted and had helped to counteract some of the other budgetary pressures seen in the year. For this authority, as indeed for most others, the reduction in investment income posed a very significant financial challenge.

Although the outlook for interest rates in the UK remained uncertain, there was a general expectation that rates would not start to rise again until well into 2013.

The Finance, Governance and Resources Portfolio Holder commented that Officers were managing particularly well. He then moved the recommendation, which was duly seconded by the Environment and Transport Portfolio Holder.

**Summary of options rejected** None

**DECISION**

That Report RD.12/12 providing the Annual Report on Treasury Management be received and recommended to the City Council for approval.

**Reasons for Decision**

To receive the annual report on Treasury Management