

## **COUNCIL – 13 SEPTEMBER 2011**

### **2011/12 - REQUESTS FOR VIREMENTS & CHANGES TO ANNUAL TREASURY MANAGEMENT STRATEGY & ANNUAL INVESTMENT STRATEGY**

**Report by the Assistant Chief Executive & Chief Finance Officer**

#### **Introduction**

1. Under the Council's Financial Regulations, Council approval is required for temporary virements larger than £0.5m and where they represent a change in policy, and all permanent virements that represent a change in policy.
2. Also, as agreed by Council on 15 February 2011 any changes required to the Annual Treasury Management Strategy & Annual Investment Strategy 2011/12 are delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance. However, Council are asked to note changes that have been agreed.
3. The following Annexes are attached:  

Annex 1 (a-b)	Proposed virements relating to carry forwards from 2010/11;
Annex 2	Changes to the Annual Treasury Management Strategy and Annual Investment Strategy.

#### **Virement Requests Requiring Council Approval**

##### **Virements relating to Carry Forwards from 2010/11**

4. As set out in the Provisional Outturn Report to Cabinet on 21 June 2011 and Annex 1a and b to this report, some of the virements underpinning the carry forwards for Children, Young People & Families (now Children, Education & Families), Social & Community Services and Environment & Economy Directorates are larger than £0.5m and represent a change in policy so require approval by Council under the authority's Financial Regulations.

##### **Virements requested through the 2011/12 Business Strategy and Financial Monitoring Reports**

5. At its meeting on 19 July 2011 Cabinet considered a request to recommend to Council a permanent virement to transfer £1.5m of the additional grant funding to the Older People's elements of the Older People and Physical Disabilities Pooled Budget.

6. The Cabinet was advised that £1.5m of the additional grant funding is allocated to invest in measures to avoid people having to go into residential care or hospital beds. This will be managed through the Older People element of the OP&PD pooled budget in conjunction with the PCT.

### **Changes to the Annual Treasury Management Strategy & Annual Investment Strategy for Council to Note**

7. At present, the Council has the ability to invest in UK Government Treasury Bills (UK T-Bills) via external fund managers. Given the ongoing uncertainty in the banking sector, the Treasury Management Strategy Team regarded it prudent to have the ability to invest in UK T-Bills in house.
8. Further changes to the Specified and Non-Specified Investment instruments section of the Strategy were required for consistency. All changes to this section are as follows:
  - Ability to invest in UK T-Bills in house
  - Other Money Market Funds and Collective Investment Schemes to have a minimum credit rating of A+ (or equivalent)
  - Supranationals with a AAA credit rating
9. Details of these changes are provided in Annex 2.

### **RECOMMENDATIONS**

10. **Council is RECOMMENDED to:**
  - a) **approve the virements larger than £0.5m and the associated carry forwards from 2010/11 for Children, Education & Families, Social & Community Services and Environment & Economy as set out in annex 1a and 1b;**
  - b) **approve the permanent virement of £1.5m from the additional grant funding to the Older People's elements of the Older People and Physical Disabilities Pool as set out in paragraph 5 and 6;**
  - c) **note the changes to the Specified and Non-Specified Investment instruments section of the 2011/12 Treasury Management Strategy set out in paragraphs 7 to 9 and Annex 2.**

### **SUE SCANE**

**Assistant Chief Executive & Chief Finance Officer**

Contact Officers: Kathy Wilcox, Principal Financial Manager  
Tel: (01865) 323981

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Lorna Baxter, Acting Head of Corporate Finance  
Tel: (01865) 323971

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