

EX.1469 TREASURY MANAGEMENT ANNUAL STRATEGY AND PLAN 2004/2005

In accordance with paragraph 56 of the Council's Financial Procedure Rules, the Executive Member – Resource submitted a report on the Treasury Management Performance over the financial year 2003/2004 which identified Bury as having one of the lowest average interest rates on outstanding debt of all Metropolitan Councils and that there had been a £5m reduction in external debts at a time when interest rates were expected to rise.

The report identified organisations from which the Council will borrow and invest money and specified the responsibilities of the Council, Executive and individual Officers of the Council in respect of Treasury Management.

The report also proposed a Treasury Management Strategy for 2004/2005 based on the Council's current economic forecasts. The suggested borrowing limits for 2004/2005 were set out in the report together with a number of Treasury Management Objectives for the Council for the forthcoming year.

RECOMMENDATIONS TO COUNCIL:

1. That the Council continue in 2004/2005 to follow the requirements of the CIPFA Treasury Management in the Public Services: Code of Practice 2001.
2. That the Treasury Management Performance in 2003/2004 be noted.
3. That the Treasury Management Policy Statement and the Treasury Policy Statement as set out in Appendix A to the report be approved.
4. That the Treasury Management Objectives as set out in the report be approved.
5. That the Treasury Strategy as set out in the report be approved.
6. That the borrowing limits for 2004/2005 as required by the Local Government and Housing Act be approved as follows:-

Overall borrowing limit	£120 m
Short term borrowing limit	£ 40 m
Maximum variable rate borrowing proportion	50%

7. That the Executive Member – Resource be requested to report regularly to the Executive on the implementation of the Strategy.
8. That the Treasury Management Team within the Finance and E-Government Division be congratulated on the excellence of the activity during 2003/2004.

Reason for the decision:

To comply with the CIPFA Treasury Management Code of Practice in order to ensure the most efficient and effective procedures for the management of the Council's cash flows, banking, money market and capital market transactions and the control of risks associated with these activities.

Alternative options considered and rejected:

None

**EXTRACT OF DECISIONS OF THE EXECUTIVE
MEETING HELD ON 19 MAY 2004
DIGEST: 17 PUBLICATION DATE: 27 MAY 2004**

EX.1657 PRUDENTIAL CODE FOR CAPITAL FINANCE – PRUDENTIAL INDICATORS 2004/2005

The Executive Member – Resource submitted a report on the provisions of the Local Government Act 2003 which replaced the previous system of Local Government Capital Finance with a Prudential Regime from 1 April 2004.

Under the provisions of the Prudential Regime, local authorities are able to decide their own borrowing limits, taking into account their individual financial positions, their medium term plans and the level of affordability.

The Chartered Institute of Public Finance and Accountancy had developed a Prudential Code of Capital Finance in Local Authorities which specifies indicators the Council must consider in determining how much it will borrow for Capital purposes. The Code requires Councils to set a range of indicators for each financial year which, in future, will be done as part of the Budget – Setting processes.

The report set out details of the Prudential Code and recommended a number of Prudential Indicators for adoption by the Council for 2004/2005.

RECOMMENDATION TO COUNCIL:

That the report be noted and that the Council be requested to approve the Prudential Indicators set out in paragraph 3 and explained in Appendix 1 of the report, for 2004/2005 and future years.