

TREASURY MANAGEMENT - FINANCIAL MONITORING

1. EXECUTIVE SUMMARY

- 1.1 This is one of a series of reports submitted to Members throughout the year, the purpose of which is to highlight the financial performance of the Treasury Management budget during 2006/07. Members are asked to note the report.

2. BUDGET FOR THE FINANCIAL YEAR 2006/07

- 2.1 Further to the reporting of the Estimates 2006/07 to Cabinet on 20 February 2006 and to Council on 1 March 2006, the approved budget for Treasury Management was £14,505,700 CR. Changes to reflect the financing of the agreed Invest-To-Save schemes revised this figure to £14,414,700 CR.

- 2.2 The budget analysed over service areas was as follows:-

	£
Corporate Management	2,485,700 DR
Democratic Representation	2,013,300 DR
Pensions	1,768,900 DR
Asset Management	<u>20,682,600 CR</u>
Total for Treasury Management	<u>14,414,700 CR</u>

- 2.3 Since the setting of the budget Cabinet on 28 June 2006 agreed a virement of £125,000 to the Finance Department (see section 3.4.1 below) revising the figure to £14,539,700 CR.

3. FINANCIAL MONITORING 2006/07

3.1 Progress On Policy Options

- 3.1.1 There were no policy options affecting these budgets.

3.2 Progress On Savings

- 3.2.1 There were no savings for 2006/07 which affected these budgets.

3.3 Bridging Finance

- 3.3.1 There was no bridging finance allocated to these budgets.

3.4 Cabinet decisions

- 3.4.1 Cabinet on 28 June 2006 considered a report on Treasury Management and the Prudential Code and agreed to variations in the Finance Department staffing budget. The costs of £125,000 are to be met from a virement of resources from the Treasury Management budget.

3.5 Service Re-engineering

3.5.1 The Treasury Management budgets essentially relate to the financing costs of asset management with the related staffing and accommodation running costs being held within departmental budgets. Consequently there is no service re-engineering target for this particular budget.

3.6 Variations

3.6.1 The Asset Management budget has income and expenditure of over £39 million and around £15 million per annum respectively which due to its size and complexity may vary significantly. Any variations in interest rates and market conditions, for example, would impact on these budgets. All budgets continue to be monitored and at this stage no significant variations have arisen.

4. FINANCIAL IMPLICATIONS

4.1 For 2006/07 the agreed estimate for the Treasury Management budget was £14,414,700 CR. This has subsequently been revised to £14,539,700 CR for the reasons outlined in section 3.4.1.