

## APPENDIX C

### FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

17 SEPTEMBER 2007

#### TREASURY MANAGEMENT - FINANCIAL MONITORING

##### 1. EXECUTIVE SUMMARY

- 1.1 This is one of a series of reports submitted throughout the year to highlight the financial performance of Treasury Management. Members are asked to note the report.

##### 2. FINANCIAL YEAR 2006/07

- 2.1 The financial out-turn for 2006/07 was reported to Cabinet on 20 June 2007. In terms of the Treasury Management budget the year-end position and main variations were as follows:-

Details	£000
Approved estimate 2006/07	2,901
Final out-turn 2006/07	<u>3,444</u>
Variation being an overspend of	543

- 2.2 Increases in capital charges relating to the revaluation of assets and the impact of deferred charges and Government grants deferred credit which are shown within service department accounts are offset by corresponding entries within the Treasury Management accounts. Similarly there has also been a £1.8 million adjustment relating to the abatement of the Private Finance Initiative unitary charge payment. When adjusted for these changes the variation is an underspend of £1.9 million.

- 2.3 The main areas of variation being:-

Details	£000
Financing costs including interest savings of	- 1,484
Housing related activities underspend of	- 451

- 2.4 The Treasury Management annual report 2006/07 presented to Cabinet on 26 July 2007 provided a more detailed review of Treasury Management activity.

##### 3. FINANCIAL YEAR 2007/08

- 3.1 Further to the reporting of the Estimates 2007/08 to Cabinet on 20 February 2007 and to Council on 1 March 2007, the approved budget for Treasury Management is £6,203,800.

## **4. FINANCIAL MONITORING 2007/08**

### **4.1 Progress on implementing Policy Options**

4.1.1 There are no policy options affecting these budgets.

### **4.2 Progress on delivering savings**

4.2.1 There are no savings for 2007/08 which affect these budgets.

### **4.3 Progress on delivering Service Re-engineering savings**

4.3.1 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.

### **4.4 Impact of Cabinet / Executive Board decisions**

4.4.1 There have been no Cabinet Decisions affecting this budget.

### **4.5 Variations**

4.5.1 The Asset Management budget 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.

### **4.6 Issues affecting future financial years**

4.6.1 The Government are proposing changes to the accounting treatment in relation to asset and debt management. The detailed guidance is expected to be formally issued as part of the Statement of Recommended Practice which is annually updated and will be issued later this year.

## **5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1 For 2007/08 the agreed estimate for Treasury Management is £6,203,800 and, at this stage of the year is projected to be the anticipated spend.

5.2 There are no additional staffing implications arising from this report.