

# **WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**

## **AUDIT AND GOVERNANCE COMMITTEE**

**DATE: 16 DECEMBER 2008**

**AGENDA ITEM NO: 9**

### **SUBJECT: REVIEW OF TREASURY MANAGEMENT**

#### **Report of the Clerk and Chief Financial Officer**

#### **1. MATTER FOR CONSIDERATION**

- 1.1. To reconfirm to Members the arrangements in place for Treasury Management.
- 1.2. To report the actions taken in the aftermath of the collapse of the Icelandic banks.

#### **2. INFORMATION**

- 2.1. The Authority reviews the treasury management arrangements and performance twice annually in the reports on the budget and on the financial accounts. The principles in the CIPFA Code of Practice 'Treasury Management in Local Authorities' are followed and readopted annually by the Authority at its February meeting.
- 2.2. For some time the Authority has used the expertise in place at Leeds City Council (LCC) to manage its treasury dealings and the Authority has historically performed very well in this area, with borrowings at rates well below the usual public sector figure.
- 2.3. The Authority has previously agreed the policy of avoiding long term investments ie anything over one year. The decision regarding the actual amounts invested and over what periods is made by the Chief Financial Officer but with regard to the LCC Treasury Management Division's procedural document which has been adopted by this Authority and which sets out the approved financial organisations and maximum lending limits.
- 2.4. Quarterly update meetings are held at LCC between the Chief Financial Officer, the Executive's Financial Accountant and the treasury staff, with Mr Page in attendance. These meetings are used to formally consider current issues and agree any changes in line with the agreed strategy/policy. It was the result of one of these meetings earlier this year that the Authority policy was revised to invest for no longer than 3 months at a time and to a maximum of £5m. As well as these diarised

meetings other regular discussions take place on an ad hoc basis as required.

- 2.5. On 8 October when the collapse of the Icelandic banks was publicised the Authority had £5m invested with the Anglo Irish Bank and £5m with the Educational Building Society as well as some money on overnight deposit with the NatWest. Officers confirmed this position immediately and Members were informed of the situation.
- 2.6. Whilst recognising the measures already in place further confirmation was sought from LCC as to the PTA lending strategy and the controls in place over this. This was provided and confirmed the risk averse approach taken by the Authority's Treasury team. The cash surpluses generated throughout the year are invested in accordance with the terms set out in the Service Level Agreement and in accordance with the Prudential Code. External advisors are used to inform the investment strategy and funds are only placed short term with the highest rated institutions. This is being kept continually under review as the economic situation changes. The CFO is satisfied, along with LCC, that the current strategy is as robust as possible but will continue to review the situation and report any changes to this Committee.

### **3. FINANCIAL AND LEGAL IMPLICATIONS**

- 3.1. None directly arising from this report.

### **4. STAFFING IMPLICATIONS**

- 4.1. None directly arising from this report.

### **5. EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. None directly arising from this report.

### **6. RECOMMENDATIONS**

- 6.1. That the treasury management arrangements be reaffirmed.

Clerk and Chief Financial Officer  
West Yorkshire Passenger Transport Authority