

**Report to:** Audit Committee

**Date of meeting:** 30 June 2014

**Report of:** Stephen Exton – Finance Manager

**Title:** Treasury Management

**1.0 SUMMARY**

- 1.1 This report presents to members the Annual Treasury Management Report and Prudential Indicators for 2013/14.

**2.0 RECOMMENDATIONS**

- 2.1 That this report be noted.

**Contact Officer:**

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**Report approved by:** Alan Power, Head of Finance

### 3.0 **DETAILS**

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 3.2 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities and complies with the Local Government Act 2003.
- 3.3 Attached at Appendix 1 is the Annual Treasury Management Report and Prudential Indicators for 2013/14. The report provides details of actual prudential and treasury indicators and actual treasury operations during 2013/14 compared to the estimates within the strategy. The report is made in line with the Council’s approved policy on Treasury Management.
- 3.4 During 2013/14, the Council complied with its legislative and regulatory requirements. The Director of Finance confirms that the statutory borrowing limit (the authorised limit) was not breached.
- 3.5 The financial year 2013/14 continued the challenge of low investment returns and continuing risk.
- 3.6 The Director of Finance confirms that borrowing was undertaken during the year where, as part of the Health Campus project, the council borrowed on behalf of the LABVI, £6.0m from the Growing Places Fund. At 31 March 2014, the Council had £6.0m external debt and its investments totalled £33.496m (£28.111m at 31 March 2013).
- 3.7 The report contains:
- Capital activity during the year;
  - Reporting of the required prudential and treasury indicators;
  - Impact of this activity on the Council’s underlying indebtedness (the Capital Financing Requirement);
  - Overall treasury position and the impact on investment balances;
  - Summary of the economy and interest rates;
  - Investment Rates in 2013/14;
  - Investment Outturn for 2013/14.

### 4.0 **IMPLICATIONS**

#### 4.1 **Financial**

- 4.1.1 None specific.

#### **4.2 Legal Issues (Monitoring Officer)**

- 4.2.1 It is a statutory requirement that the Treasury Management Strategy and Treasury Management Practices are reviewed annually. The report meets the requirement of CIPFA's Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities and complies with the Local Government Act 2003.

#### **4.3 Equalities**

None Specific.

#### **4.4 Potential Risks**

The subject of this report is covered by the Finance (Shared Services) Service Plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

#### **Background Papers:**

UK Economic Forecasts provided by Capita Asset Services;  
CIPFA Prudential Code for Capital Finance in Local Authorities, 2012 Edition;  
CIPFA Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes, 2011 Edition;  
CIPFA Treasury Management in the Public Services – Guidance Notes for Local Authorities, 2011 Edition.

#### **APPENDICES**

- Appendix 1 Annual Report on the Treasury Management Service 2013/14 (Incorporating Outturn Prudential Indicators).