

Report to: Audit Committee
Date of meeting: 26 July 2018
Report of: Interim Head of Finance Shared Service
Title: Treasury Management Annual Report 2017/18

1.0 **Summary**

1.1 This is the annual report on treasury management and prudential code performance indicators for 2017/18.

2.0 **Risks**

2.1 The subject of this report is covered by the Finance (Shared Services) Service Plan. The risks relating to the report are included in the Service risk register.

3.0 **Recommendations**

3.1 To note the Treasury Management Annual Report 2017/18

Contact Officer:

For further information on this report please contact: Martin Henwood, Interim Head of Finance or Alison Scott, Head of Finance Shared Service, telephone extension: 7188 or alison.scott@threerivers.gov.uk

Report approved by: Alison Scott, Head of Finance Shared Service

4.0 **Detailed proposal**

4.1 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.'

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

4.3 The Council's 2017/18 Treasury Management Strategy (TMS) as approved by Council on 24 January 2017 is designed to ensure that cash flows are adequately planned, with

surplus monies being invested in low risk counterparties, providing adequate liquidity before considering optimising investment return. This report considers whether the Council met the TMS and its policies for 2017/18.

- 4.4 Attached as an Appendix is the Annual Treasury Management Report and Prudential Indicators for 2017/18. The report provides details of actual prudential and treasury indicators, and actual treasury operations during 2017/18 compared to the estimates in the TMS.
- 4.5 During 2017/18 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.
- 4.6 There was no new borrowing during the year. The Council has outstanding debt of £7.5m in relation to the Watford Riverwell and Watford Business Park projects. The details are shown in the Appendix.
- 4.7 The report contains:
- i. Capital activity during the year;
 - ii. Prudential and treasury indicators;
 - iii. The Capital Financing Requirement (CFR) - impact of this activity on the Council's underlying indebtedness;
 - iv. Overall treasury position and the impact on investment balances;
 - v. Summary overview of the economy and interest rates during the year;
 - vi. Investment rates in 2017/18; and
 - vii. Investment outturn in 2017/18.

5.0 **Implications**

5.1 **Financial**

- 5.1.1 The Shared Director of Finance comments that the financial implications are included within the Appendix. The wider financial context for the Council is in the Outturn report to the Budget Panel on 26 June 2018.

5.2 **Legal Issues** (Monitoring Officer)

- 5.2.1 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.

Appendix/attachments

Appendix Annual report on the treasury management service 2017/18, incorporating outturn prudential indicators.

Background Papers

UK Economic Forecasts provided by Link Assets Services;
CIPFA Prudential Code for Capital Finance in Local Authorities;
CIPFA Treasury Management in the Public Services; and
Treasury Management Strategy 2017/18 [Council, 24 January 2017].

File Reference

S:\Treasury Management WBC\Annual & Quarterly Reports\2017-18