

REPORT OF **Strategic Manager – Resources**

To: **Full Council**

Subject: **Annual Report on Treasury Management 2017-18**

Date: **6th August 2018**

PURPOSE OF REPORT:

To report on the treasury management activity in the year and actual prudential indicators for 2017/18.

1. INTRODUCTION

The Council has adopted the CIPFA Code of Practice in Treasury Management in the Public Sector, which requires that a report should be presented on Treasury Management activity for the previous financial year. This report also includes the actual Prudential Indicators for the year.

2. REPORT

Background

The Council operates its treasury management service in compliance with the code and other statutory requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that borrowing activity is undertaken on a prudent, affordable and sustainable basis.

Performance for the year 2017/18

The Bank of England Base Rate increased to 0.50% on the 1st November 2017.

The average rate of return achieved by the Council on its short term investments was 0.55% which compared with 0.70% in 2016/17.

The return from short term investments in 2017/18 was £78k, which compared with a return of £97k in 2016/17.

As at the 31st March 2018 the Council had short term investments of £12m lodged with financial institutions, the comparable figure for the 31st March 2017 being £13m.

During 2017/18 the Council repaid £96k of long term Public Loans Board debt, the balance outstanding at the close of 2017/18 being £1,142k.

The Council's internal prudential borrowing was reduced by £0.6m following the receipt of a deferred capital receipt pertaining to sale of an asset in a prior year.

The Prudential indicators for the year are attached at Appendix 1.

3. Implications

Legal Implications

There are no specific legal implications

Financial Implications

All treasury management activity carries a level of risk, but adherence to the approved strategy minimises this. However, minimising risk needs to be balanced with the income generated and the expenditure incurred through treasury management activities.

The Council's treasury strategy can be best summarised in order of priority as

- Security of investment
- Liquidity
- Return on investment.

The Council employs Link Asset Services as its external Treasury advisors.

Human Resource Implications

There are no specific substantiality implications

Equality / Diversity

There are no specific equality / Diversity issues

Risk Management

The risk that borrowers may default is minimised by adherence to the Treasury Management Strategy, the credit rating of counter parties being checked prior to making the investments, all financial institutions with which the Council contracts are UK registered and have a Fitch F1 rating.

Compliance with Policies and Strategies

The report fits in within the Council's Treasury Management framework.

Lead Member View

Date of Consultation 24th July 2018 - Councillor Laws

Torrige District Council has fulfilled its obligations in accordance with Treasury Management Code of Practice. The Prudential Indicators show the impact on the Council's financial position and provide re-assurance that risks are being managed and activity has been undertaken within agreed limits.

4. CONCLUSIONS

Returns on the Council's investments remain low, as the Bank of England has maintained its policy of low interest rates.

5. RECOMMENDATIONS

To comply with the requirements of the CIPFA Code of Practice in Treasury Management in the public sector; Members are asked:

- To note the Treasury Management Report for 2017/18
- To note the actual Prudential Indicators for 2017/18