

PART I – DELEGATED

**9. TREASURY MANAGEMENT ANNUAL REPORT 2017/18**  
(DoF)

**1. Summary**

1.1 This report presents to Members the Annual Treasury Management report for 2017/18.

**2. Details**

2.1 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.'

2.2 The Council's 2017/18 Treasury Management Strategy (TMS) as approved by Council on 21 February 2016 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.

2.3 The Council had an original budget of £139,000 for its interest income. The actual amount achieved was £88,376. The reduced amount was due to the council investing funds in property to earn a better return through lease income than would have been achievable through the financial market.

2.4 This report considers whether the Council met the TMS and its policies for 2017/18.

**3. Annual Treasury Management Report and Actual Prudential Indicators 2017/18**

3.1 Attached at Appendix 1 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 compared to the estimates within the strategy. The report is made in line with the Council's approved policy on treasury management.

3.2 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.

3.3 The financial year 2017/18 continued the challenge of low investment returns and continuing risk.

3.4 The Director of Finance also confirms that no external borrowing was undertaken. At 31 March 2018, the Council had no external debt and its investments totalled £8.009m (£20.037m at 31 March 2017).

3.5 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 2017/18; and
- Investment Outturn for 2017/18.

4. **Policy/Budget Implications**

4.1 All policy and budget implications are included within the Medium Term Financial Strategy and Outturn reports.

5. **Legal, Staffing, Environmental, Community Safety, Customer Services Centre, and Website Implications**

5.1 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.

6. **Financial Implications**

6.1 All financial implications are included within the Medium Term Financial Strategy and Outturn reports.

7. **Risk Management Implications**

7.1 The subject of this report is covered by the Finance (Shared Services) service plan.

8. **Recommendation**

8.1 That this report be noted.

**Background Papers:**

UK Economic Forecasts provided by Link Asset Services;  
 TRDC Treasury Management Strategy 2017/18  
 CIPFA Prudential Code for Capital Finance in Local Authorities:  
 CIPFA Treasury Management in the Public Services

**Report prepared by:** Martin Henwood, Interim Head of Finance

**Data source:** Logotech Treasury Management system

**Data checked by:** Alison Scott, Head of Finance

Data rating

1	Poor	
2	Sufficient	
3	High	✓

**APPENDIX**

Appendix 1 Annual Report on the Treasury Management Service 2017/18 (Incorporating Outturn Prudential Indicators).