**AUDIT COMMITTEE – 4 JULY 2017**

**PART I – DELEGATED**

**11. TREASURY MANAGEMENT ANNUAL REPORT 2016/17**

(DoF)

1. **Summary**

1.1 This report presents to members the annual treasury management report for 2016/17.

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 2016/17 Treasury Management Strategy (TMS) as approved by Council on 23 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 a budget of £165,000 for its investment income. The actual amount achioeved was £186,000

2.4 This report considers whether the Council met the TMS and the policies contained therein for 2016/17.

3. **Annual Treasury Management Report and Actual Prudential Indicators 2016/17**

3.1 Attached at Appendix 1 is the annual treasury management report and prudential indicators for 2016/17. 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 2016/17, 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 2016/17 continued the challenge of low investment returns and continuing risk.

3.4 The Director of Finance also confirms that no borrowing was undertaken. At 31 March 2017, the Council had no external debt and its investments totalled £20.036m.

* 1. 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 2016/17;
* Investment Outturn for 2016/17.

4. **Policy/Budget Implications**

4.1 None specific.

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 None specific.

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 Capita Asset Services;

Treasury Management Strategy 2016/17

CIPFA Prudential Code for Capital Finance in Local Authorities:

CIPFA Treasury Management in the Public Services

**Report prepared by:** Loretta Manhertz (Financial Services Officer).

**Data source:** Logotech Treasury Management system

**Data checked by:** Simon Alford (Section Head - Accountancy)

Data rating

|  |  |  |
| --- | --- | --- |
| 1 Data rating: 1 | Poor |  |
| 2 | Sufficient |  |
| 3 | High | **** |

**APPENDICES**

Appendix 1 Annual Report on the Treasury Management Service 2016/17 (Incorporating Outturn Prudential Indicators).