

Report for: Corporate Committee 28 June 2016

Item number: 13

Title: Treasury Management 2015/16 Outturn

Report authorised by : Tracie Evans (COO)

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

1.1 This is a report to Members on treasury management activity and performance during 2015/16 in accordance with the CIPFA Treasury Management Code of Practice. It is a requirement of the Code for this to be reported on to Council once Corporate Committee has considered it.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That Members:

(a) Note the treasury management activity and performance during 2015/16.

4. Alternative options considered

None

5. Background information

5.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined 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.”

- 5.2 The Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.
- 5.3 However, overall responsibility for treasury management remains with the Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2015/16 on 23rd February 2015.
- 5.4 This outturn report (Appendix 1) is a requirement of the Code and it summarises the activity and performance in 2015/16 against prudential and treasury indicators approved by Full Council.
- 5.5 With regard to investments, Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security – Liquidity – Yield

The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury management activity is without risk and the effective identification and management of this risk are integral to the Council’s treasury management activities.

- 5.6 This report has been written in consultation with the Council’s treasury management advisers, Arlingclose.
6. **Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**
 - 6.1 **Finance and Procurement**

The treasury management strategy in 2015/16 was to continue to maximise internal borrowing and, therefore, to minimise cash balances. This policy not only reduced credit risk in the year but also reduced the cost of borrowing.
 - 6.2 **Legal**

The contents and recommendation of this report are in accordance the Treasury Management Strategy Statement and consistent with legislation governing the financial affairs of the Council. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

7. Use of Appendices

7.1 Appendix 1: Annual out-turn report

8. Local Government (Access to Information) Act 1985

8.1 Not applicable