

EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Annual Treasury Management Report 2017-18
Meeting of:	Council
Date:	25/6/2018
Is this an Executive Decision:	No
Is this a Key Decision:	No
Is the report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	n/a

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer

Date Signature

Head of Service and Chief Finance Officer

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Council

Date: 25th June 2018

TITLE:	Annual Treasury Management Report 2017/18
PORTFOLIO:	Leader/Finance
HEAD OF SERVICE:	Sal Khan
CONTACT OFFICER:	Lisa Turner – Chief Accountant ext. x1399
WARD(S) AFFECTED:	All

1. Purpose of the Report

- 1.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report. This report fulfils this requirement, providing a review of treasury activities during the year against the approved Treasury Management Strategy Statement (TMSS).

2. Contribution to Corporate Priorities

- 2.1 To support all corporate priorities by minimising the cost to the Council of borrowing to finance its Capital Programme, whilst at the same time maximising the Council's income from the investment of surplus funds whilst maintaining the security and liquidity of investments.

3. Annual Treasury Management Report

- 3.1 The attached report was presented for scrutiny to the Scrutiny (Audit and Value for Money Council Services) Committee on 20th June 2018. The attached report covers:
- The Council's treasury position as at 31st March 2018 (Section 3)
 - The strategy for 2017/18 - a summary (Section 4)
 - Borrowing and Investments outturn (Sections 5 & 6)

- An update on the economy and interest rates (Section 7)
- Compliance with treasury limits and prudential indicators (Section 8)
- An update on other treasury matters (Section 9)

3.2 Overall, the Council's treasury management activities during 2017/18 have been in line with the approved strategy. The highlights from the attached report are as follows:

3.2.1 Core Investments stood at £23m as at 31st March 2018. Average returns during the year were 0.43%, slightly exceeding benchmarks and the budget despite our continued low risk approach to investment decisions.

3.2.2 During the course of the year consideration was given to investing in property funds. These funds provide enhanced investment returns but the principal sum can be subject to short term volatility. Due to changes in accounting practice coming into force in April 2018, the decision was taken to postpone any investment of this type until such a time as the Government has made a decision whether to mitigate the impact of these changes.

3.2.3 Major landmark events during the course of 2017/18 included the general election on 8th June, although this had relatively little impact on markets. There was also an increase in the bank rate in November from 0.25% to 0.5%, with expectations that the bank rate would increase at a faster pace than had previously been anticipated.

3.2.4 The Council's external borrowing stood at slightly in excess of £11m as at 31st March 2018, with a small tranche of annuity loans repaid during the course of the year. This reflects a significant under-borrowed position, which as previously reported, is more cost effective in the current market conditions. This approach is consistent with the approved treasury management strategy.

3.2.5 The Capital Financing Requirement (our under-lying need to borrow) reduced during the year as a result both statutory and approved voluntary sums set aside for debt repayment. This will reduce the cost of borrowing to the revenue budget in future years and is consistent with our approved Medium Term Financial Strategy.

4. Risk Assessment and Management

4.1 The main risks associated with this report and the Council achieving its objectives are the same as those contained within the Treasury Management Strategy Statement. These cover interest rate risk, inflation risk, market/credit risks and liquidity risk.

4.2 These risks are recorded within the risk register and monitored in accordance with the risk strategy.

5. Financial Considerations

This section has been approved by the following member of the Finance Team: Lisa Turner.

- 5.1 The report is solely related to financial matters.
- 5.2 Borrowing and investments throughout the year have been managed in accordance with the approved Treasury Management Strategy for 2017-18.

6. Legal Considerations

This section has been approved by the following member of the Legal Team: Angela Wakefield

- 6.1 There are no direct significant legal issues arising from this Report. This report meets the requirements under the Local Government Act 2003.

7. Equality and Health

- 7.1 The Report does not involve the public, including staff, or have consequences for them.

8. Human Rights

- 8.1 There are no Human Rights issues arising from this Report.

9. Recommendation(s)

- 9.1 To approve the Annual Treasury Management Report for 2017-18.

10. Background papers

- 10.1 Treasury Management Strategy Statement 2017/18 – approved by full Council on 27th February 2017.

11. Appendices

- 11.1 Annual Treasury Management Report – Appendix A.