

<b>TITLE</b>	<b>Treasury Management Outturn Report 2016-17</b>
<b>FOR CONSIDERATION BY</b>	The Council on 21 September 2017
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director Corporate Services
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

## **RECOMMENDATION**

The Council is asked to:

- 1) note that this report was presented to the Audit Committee on 13 June 2017 and the Executive on the 27 July 2017;
- 2) approve
  - (a) the Treasury Management Annual Report for 2016/17; and
  - (b) the actual 2016/17 prudential indicators within the report.

## **SUMMARY OF REPORT**

This report summarises the Treasury Management operations during 2016/17. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices.

The Council adhered to all agreed prudential indicators in 2016/17.

As at 31<sup>st</sup> March 2017 the Council achieved an average investment return rate of 1.66%. In house team achieved an average external investment of 0.50% against the London Interbank Bid Rate (LIBID) for 2016/17 which was 0.20%.

The Council has taken 3 new loans out on the 31<sup>st</sup> March 2017 of £18m. These Public Works Loan Board (PWLB) loans were at a special rate (40 bases point lower than the standard PWLB rate) they will be used to fund capital expenditure in 2017/18. This was secured through work with the Local Enterprise Partnership. The Hosing revenue account repaid an external loan of £3.5m.

## Background

The Council operates a balanced budget, which broadly means cash raised during the Year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising Investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its Capital spending operations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

## Analysis of Issues

### External Debt

In 2016/17 the external general fund debt increased by £18m, the Council also took the opportunity to use internal funds and other sources to fund the capital programme. The Housing Revenue Account external debt decreased by £3.5m.

As at 31<sup>st</sup> March 2017 external debt was:

- General fund (Non- Housing Revenue Account): £65.8m
- Housing Revenue Account: £81.5m.

### Capital Expenditure year end outturn

As at 31<sup>st</sup> March 2017:

- General fund (Non- Housing Revenue Account): £72.0m
- Housing Revenue Account: £4.9m.

### Investment actual year end outturn

As at 31<sup>st</sup> March 2017:

- Returns on investments (external and internal companies): £1.3m compared to a budget of £1.2m

### Appendices

The full Treasury Mid-Year report for 2016/17

Appendix A

The Council's Prudential indicators

Appendix B

The Council's Loan Portfolio as at 31<sup>st</sup> March 2017

Appendix C

The Council's Investments as at 31<sup>st</sup> March 2017

Appendix D

Economic update

Appendix E

A Glossary of Terms

Appendix F

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£147.4m External Loans £1.3m Return on Investments	Yes	Capital and Revenue
Next Financial Year (Year 2)	To be determined through the Medium term financial plan		Capital and Revenue
Following Financial Year (Year 3)	N/A		

<b>Other financial information relevant to the Recommendation/Decision</b>
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None
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<b>Cross-Council Implications</b>
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None
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<b>List of Background Papers</b>
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None
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