

TITLE	Treasury Management Mid-Year Report 2017-18
FOR CONSIDERATION BY	The Executive on 25 January 2018
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	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 Executive are asked to:

- 1) note the mid-year Treasury Management report for 2017/18;
- 2) note the actual 2017/18 prudential indicators within the report;
- 3) note the report has been considered and supported by Audit Committee
- 4) recommend the report to Council for approval.

SUMMARY OF REPORT

This report summarises the Treasury Management operations during the first six months of 2017/18. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices.

As at 30th September 2017 the Council is forecast to exceed its investment return budget and there has been no external loan taken out in the first six months.

The Director of Corporate Services confirms that as at 30th September 2017 there have been no breaches of the treasury strategy 2017/18.

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 the council's 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.

On the December 4th the Audit Committee considered this report and was recommended to council for approval.

Analysis of Issues

External Debt

In the first six months external debt did not increase as the Council took the opportunity to use internal funds and other sources to fund the capital programme. As at 30th September 2017 external debt was:

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

Capital Expenditure forecast year end outturn

As at 30th September 2017:

- General fund (Non- Housing Revenue Account): £94.1m
- Housing Revenue Account: £5.1m.

Investment forecast year end outturn

As at 30th September 2017:

- Returns on investments (external and internal companies): £1.8m

Appendices

The full Treasury Management strategy Mid-Year report for 2017/18	Appendix A
The Council's Prudential indicators	Appendix B
The Council's Current Loan Portfolio	Appendix C
The Council's Current Investments as at 30 th September 2017	Appendix D
Glossary of Terms	Appendix E

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)	Year-end forecast: £145.7m External Loans £2.1m 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		

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
None

List of Background Papers
None

Contact Martin Jones	Service Finance & Resources
Telephone No 0118 9746877	Email martin.jones@wokingham.gov.uk
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