

Agenda Item 43.

TITLE	Treasury Management Outturn 2017-18
FOR CONSIDERATION BY	Council on 20 September 2018
WARD	None Specific;
DIRECTOR	Director of Corporate Services - Graham Ebers

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

To inform Council and members of the public of the work done to effectively and safely manage the Council's cash flow and investments while funding the capital programme.

RECOMMENDATION

Council is recommended to approve:

- 1) the Treasury Management Annual Report for 2017/18; and
- 2) the actual 2017/18 prudential indicators within the report.

EXECUTIVE SUMMARY

This report summarises the Treasury Management operations during 2017/18. It is presented for the purpose of monitoring and review, in accordance with Council's treasury management practices. The Council successfully adhered to all agreed prudential indicators during 2017/18. This reflects the good management of the Council's finances in a challenging environment.

As at 31 March 2018 the Council achieved an average investment return rate of 1.68% including investments in the Council's group companies. Excluding internal investments, the average return on external investments was 0.44% against the London Interbank Bid Rate (LIBID) for 2017/18 of 0.21%, which is a significant favourable variance, particularly in the current financial climate.

No new external borrowing was taken out.

The Executive considered the report at its meeting held on 26 July 2018 and recommended that Council approve the Treasury Management Annual Report for 2017/18 and the actual 2017/18 prudential indicators within the report.

BACKGROUND

The Council's treasury management strategy is largely influenced by capital expenditure. Revenue expenditure is balanced with expenditure matching income, and short term borrowing and deposits. The key driver of the longer term treasury management strategy is capital expenditure and financing.

There are two aspects of treasury performance – debt management and cash investment:

- debt management relates to the Council's borrowing;
- cash investment relates to the investment of surplus cash balances.

External debt as at 31 March 2018 was:

- General fund (non-housing revenue account): £65.5m
- Housing revenue account: £79.8m.

Capital expenditure for 2017/18 was:

- General fund (non-housing revenue account): £83.1m
- Housing revenue account: £5.5m

Investment return for 2017/18 was £1.3m

BUSINESS CASE (Including Options and Evidence of Need)

No options being considered.

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)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

Other Financial Information

Included above

Stakeholder Considerations and Consultation

Stakeholders should be reassured of the effective management of the Council's resources.

Resourcing and Timeline for Next Steps
Resourcing for the treasury management strategy is from within the existing staffing establishment.

Timeline for Review and Evaluation
The Council's treasury management strategy for 2018/19 has already been approved by full Council in February 2018. It is reviewed by the Audit Committee who will receive a mid-year report in the Autumn, and the outturn report will be circulated to Audit Committee, Executive and Council in Spring/Summer 2019.

List of Background Papers
Appendix A – Treasury management outturn report 2017/18 Appendix B – Prudential and treasury indicators 2017/18 Appendix C – Loan portfolio Appendix D – Investment portfolio Appendix E – Economic summary Appendix F – Glossary of terms

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