

# Agenda Item 67.

<b>TITLE</b>	<b>Treasury Management Mid-Year Report 2015-16</b>
<b>FOR CONSIDERATION BY</b>	Council on 18 February 2016
<b>WARD</b>	None specific
<b>DIRECTOR</b>	Graham Ebers, Director of Finance and Resources
<b>LEAD MEMBER</b>	Anthony Pollock, Executive Member for Economic Development and Finance

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

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

## **RECOMMENDATION**

Council is asked to:

- 1) note the mid-year Treasury Management report for 2015/16;
- 2) note the actual 2015/16 prudential indicators within the report; and
- 3) approve the report.

## **SUMMARY OF REPORT**

The Treasury Management Mid-Year Report 2015/16 is a requirement of the Prudential Code and the Council's reporting procedures. It covers the treasury activity during the first half of 2015/16 and the actual Prudential Indicators for this period. All Prudential indicators are being adhered to and external debt continues to be contained by using internal balances in a way that minimises capital financing costs for the council's taxpayer's.

## Background

The report highlights the Council's treasury position as at 30th September 2015, sets out the treasury decisions taken so far during 2015/16 and shows that the Council has complied with the strategy and the prudential indicators that were set prior to the financial year.

The first six months of the financial year have continued with the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk.

## Analysis of Issues

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 2015 the Non- Housing Revenue Account (HRA) external debt was £46.6m and the HRA External Debt as at 30th September 2015 was £85.0m.

The budget for capital in 2015/16 is £107.5m. The profile of expenditure on this budget has been spread over two years.

2015-16 - £65.8m

2016-17 - £41.7m

The anticipated expenditure as at 31<sup>st</sup> March 2015 is £53.4m.

The Director of Finance and Resources confirms that as at 30<sup>th</sup> September 2015 there have been no breaches of the Treasury Strategy 2015-16.

### List of Background Papers

The full Treasury Mid-Year report for 2015/16 is shown in Appendix A.

The Councils Prudential indicators are shown in Appendix B

The Councils Current Loan Portfolio Appendix C

The Councils Counter Party Limits at the 30<sup>th</sup> September 2015 are shown in Appendix D

The Councils Current Investments at the 30<sup>th</sup> September 2015 are shown in Appendix E

A Glossary of Terms is shown in 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)	£53.4m Expenditure £0.8m Return on Investments	Yes	Capital and Revenue
Next Financial Year (Year 2)	To be determined through the Medium		Capital and Revenue

	term financial plan		
Following Financial Year (Year 3)	N/A		

<b>Other financial information relevant to the Recommendation/Decision</b>
None

<b>Cross-Council Implications</b>
None

<b>List of Background Papers</b>
None

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