

Meeting:	Council
Meeting date:	Friday, 13 July 2018
Title of report:	Treasury Management - 2017/18 Outturn
Report by:	Cabinet member corporate strategy and budget

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the treasury management outturn for 2017/18.

The treasury management outturn underspent by £936k in 2017/18.

Cabinet reviewed the outturn at its meeting on 28 June and recommended it for approval. An annual report is presented to Council in line with the Treasury Management Strategy and Cipfa treasury management best practice.

Recommendation(s)

That:

- (a) Council approve the treasury management outturn for 2017/18 at appendix 1.**

Alternative options

1. There are no alternative options, financial reporting requirements state that the treasury management outturn be reported to full Council for approval.

Key considerations

2. Treasury management is where the council manages the cashflow position through investments and borrowings with the security of funds being the paramount objective.
3. The treasury management budget underspent by £936k in 2017/18 due to interest charges on short term loans being lower than budgeted and utilised less than expected as a consequence of less capital expenditure, compared to the budget, being incurred during the year.
4. External borrowing is taken out to support the council's capital programme. Borrowing limits are set in accordance with the Prudential Code for Capital Finance in Local Authorities. In 2017/18 no new long-term borrowing was required and short term borrowing reduced.
5. Total borrowing at the year end, including short-term loans, was £148.1m (compared to £176.5m as at 31 March 2017). Net borrowing, after offsetting investments, was £133.9m as at 31 March 2018 (compared to £173.5m as at 31 March 2017). Total borrowing decreased by £28.4m due to repayments exceeding the need to borrow to fund capital spend in 2017/18.
6. Appendix 1 provides the detailed outturn report and includes an analysis in line with the CIPFA code of practice on treasury management. The council complied with its prudential indicators, Treasury Management Policy Statement and Treasury Management Practices for 2017/18 as detailed in Annex 1 of Appendix 1.

Community impact

7. The effective management of resources enables the council to direct those resources to support corporate plan priorities.
8. In accordance with the code of corporate governance, Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. Providing a report on the performance of our treasury management activity ensures openness and transparency is maintained.

Equality duty

9.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a factual report on performance, we do not believe that it will have an impact on our equality duty.

Resource implications

11. None arising from the recommendations as the outturn report is a factual summary of performance in 2017/18.

Legal implications

12. Financial reporting requirements contained in the council's finance procedure rules within the constitution stipulates that council receive this annual report.

Risk management

13. Council approves the treasury management strategy for the year ahead as part of the annual budget setting process which details the risk mitigation processes. Council is then required to approve the treasury management outturn position under financial reporting requirements with monitoring reported to cabinet throughout the year.
14. The setting of a Treasury Management Strategy documents the counterparties and limits to mitigate risks in relation to the loss of funds.

Consultees

15. None

Appendices

Appendix 1 – Treasury Management Outturn 2017/18

Background papers

None identified