

<b>AUDIT COMMITTEE</b>	AGENDA ITEM No. 5
<b>4 NOVEMBER 2013</b>	<b>PUBLIC REPORT</b>

Committee Member(s) responsible:	Resources portfolio holder, Cllr Seaton		
Contact Officer(s):	John Harrison, Executive Director Strategic Resources	☎ 452398	
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### TREASURY MANAGEMENT PERFORMANCE INDICATORS

<b>RECOMMENDATIONS</b>	
<b>FROM :</b> John Harrison, Executive Director Strategic Resources	<b>Deadline date :</b> N/A
Audit Committee is asked to	
1. To review current performance against the Treasury Management Strategy (TMS) set in the Medium Term Financial Strategy (MTFS)	

#### 1. ORIGIN OF REPORT

- 1.1 The Treasury Management in the Public Services: Code of Practice 2011 recommends that Members receive reports on its treasury management policies, practices and activities, including, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- 1.2 The annual strategy is approved by Council as part of the Medium Term Financial Strategy (MTFS) and the final performance against the strategy is reported to Audit Committee in June alongside the Statement of Accounts. This report forms the mid-year review.

#### 2. PURPOSE AND REASON FOR REPORT

- 2.1 To report current performance and the forecast outturn position against the strategy.
- 2.3 This is in accordance with the Committees' Terms of Reference – 2.2.16 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

#### 3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	N/A
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#### 4. TREASURY MANAGEMENT STRATEGY PRUDENTIAL INDICATORS

- 4.1 The Prudential Code underpins the system of capital finance. Local authorities determine their own programmes for capital investment in long term and current assets that are central to the delivery of quality local public services. Prudential indicators are developed as part of the annual MTFS process to ensure that:

- a) Capital investment plans are affordable;
- b) All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- c) Treasury management decisions are taken in accordance with professional good advice.

- 4.2 The 2013/14 Prudential Indicators are shown in Appendix 1. The Council's performance to date and forecast performance are all within the limits set in the MTFs.
- 4.3 The Council has continued to operate a restrictive lending list due to the continued economic uncertainty. Surplus cash is only invested for short periods with Barclays (maximum £5m), Bank of Scotland (part of the Lloyds Banking Group, maximum £5m), other Local Authorities and the Debt Management Office (DMO).
- 4.4 The ratings from all three credit rating agencies for Barclays and the Lloyds Banking Group meet the minimum criteria set out in the Treasury Strategy, per the MTFs. Both banks are used to invest cash on an instant access basis to ensure cash is kept liquid to cover cash flow fluctuations. Daily treasury management practices therefore concentrate on short term cash flow requirements and long term borrowing needs.
- 4.5 The Council has continued to borrow to fund the capital programme. Loans have been arranged at varying interest rates to achieve budget certainty and for varying periods to fit in with the Councils debt maturity profile.

## **5. CONSULTATION**

- 5.1 As 'The Prudential Code and Treasury Management Strategy 2013-2023' forms part of the annual MTFs, it has undergone full consultation and been through the scrutiny process.
- 5.2 The Council continues to liaise with its treasury advisors, Capita Asset Services (note change of name from Sector Treasury Services Ltd in September 2013).

## **6. ANTICIPATED OUTCOMES**

- 6.1 As set out in the report.

## **7. REASONS FOR RECOMMENDATIONS**

- 7.1 This report and update is given to the Committee to review performance against the Treasury Management Strategy set in the MTFs.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

The 'The Prudential Code and Treasury Management Strategy 2013-2023' is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2011. This report sets out the performance against the associated indicators. The options are therefore limited.

## **9. IMPLICATIONS**

- 9.1 To provide the Committee the opportunity to review current performance against the revised Prudential Indicators.

## **10. BACKGROUND DOCUMENTS**

(Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- The Prudential Code for Capital Finance in Local Authorities –2011 Edition, CIPFA; and
- Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2011 Edition, CIPFA

## **11. APENDICES**

Appendix A - Treasury Management Strategy-Prudential Indicators – Forecast Outturn as at 30<sup>th</sup> September 2013.

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