

Cabinet



St Edmundsbury
BOROUGH COUNCIL

| | | |
|-----------------------------------|---|-------------------|
| Title of Report: | Recommendation of the Performance and Audit Scrutiny Committee: 27 July 2017: Annual Treasury Management Report 2016/2017 and Investment Activity (1 April – 30 June 2017) | |
| Report No: | CAB/SE/17/043 | |
| Report to and date: | Cabinet | 19 September 2017 |
| | Extraordinary Council | 17 October 2017 |
| Portfolio holder: | Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk | |
| Chairman of the Committee: | Sarah Broughton Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk | |
| Lead Officer: | Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | <p>On 27 July 2017, the Performance and Audit Scrutiny Committee considered Report No: TMS/SE/17/003, which had been scrutinised by the Treasury Management Sub-Committee on 17 July 2017.</p> <p>The report provided information on the Council's Annual Treasury Management Report summarising the investment activities for the year 2016-2017; and provided a summary of investment activities for the first three months of 2017-2018 financial year.</p> | |

| | | | |
|---|--|--|--|
| Recommendation: | It is <u>RECOMMENDED</u> that, subject to the approval of full Council, the Annual Treasury Management Report for 2016-2017, attached as Appendix 1 to Report No: TMS/SE/17/003, be approved. | | |
| Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i> | <i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> | | |
| Consultation: | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 | | |
| Alternative option(s): | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 | | |
| Implications: | | | |
| Are there any financial implications? <i>If yes, please give details</i> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 |
| Are there any staffing implications? <i>If yes, please give details</i> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 |
| Are there any ICT implications? <i>If yes, please give details</i> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 |
| Are there any legal and/or policy implications? <i>If yes, please give details</i> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 |
| Are there any equality implications? <i>If yes, please give details</i> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <ul style="list-style-type: none"> • See Report No: TMS/SE/17/003 |
| Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i> | | | |
| Risk area | Inherent level of risk (before controls) | Controls | Residual risk (after controls) |
| See Report No: TMS/SE/17/003 | | | |
| Wards affected: | | All Wards | |
| Background papers: <i>(all background papers are to be published on the website and a link included)</i> | | Annual Treasury Management and Investment Strategy – 2016/17 (COU.SE.16.002) Annual Treasury Management and Investment Strategy Statements (Report COU.SE.17.002 approved 21 February 2017) | |
| Documents attached: | | None | |

1. Key issues and reasons for recommendation

1.1 Key Issues

1.1.1 Following the Treasury Management Sub-Committee's consideration of Report TMS/SE/17/003, the Finance Business Partner (Projects) reported on the Sub-Committee's consideration of the report and recommendation.

1.2 Annual Treasury Management Report 2016-2017

1.2.1 The Council's Annual Treasury Management Report for 2016-2017 was attached at Appendix 1 to Report No: TMS/SE/17/003. The report included tables which summarised the interest earned during 2016-2017 on the various treasury investments held by the Council; investment activity during the year and the investments held as at 31 March 2017.

1.2.2 The budgeted income from investments in 2016-2017 was £277,484 (average rate of return of 0.90%). Interest actually earned during the year totalled £417,358 (average rate of return of 0.763%); an over achievement in interest of £139,876, but an under achievement of 0.137% on average rate of return. This was primarily due to higher cash balances being held during the year than originally budgeted for.

1.2.3 The Sub-Committee had scrutinised the Annual Treasury Management Report 2016-2017 and asked questions of officers, as necessary.

1.3 Investment Activity 1 April to 30 June 2017

1.3.1 The total amount invested at 1 April 2017 was £46.35m and at 30 June 2017 £50.90m. The increase in balances over this period was due primarily to timing differences in respect of the collection of the local taxes; Council Tax and Non-Domestic Rates, and payments of precepts i.e. to Suffolk County Council, Suffolk Police and central government.

1.3.2 The 2017-2018 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2017-2018 was £253,000 which was based on a 0.55% target interest rate of return on investments.

1.3.3 As at the end of June 2017, interest actually earned during the first quarter of the financial year amounted to £80,717 against a profiled budget for the period of £63,250; a budget surplus of £17,467. The budget surplus was due to higher cash balances than originally projected when the budget was set in February 2017, and the prudent use of mid to long-term investments that achieved a slightly higher rate of return.

1.3.4 The Sub-Committee had scrutinised the Investment Activity for 1 April to 30 June 2017 and asked questions of officers as necessary. In particular discussions were held on low borrowing rates which were currently available; and the Council's budgetary surplus / overachievement in income.

1.3.5 The Performance and Audit Scrutiny Committee considered the report and has put forward a recommendation as set out on page two of this report.