

# Cabinet



*St Edmundsbury*  
BOROUGH COUNCIL

<b>Title of Report:</b>	<b>Recommendation of the Performance and Audit Scrutiny Committee: 31 January 2018 Treasury Management Report 2017-2018 and Investment Activity (1 April to 31 December 2017)</b>	
<b>Report No:</b>	<b>CAB/SE/18/008</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	6 February 2018
	<b>Council</b>	20 February 2018
<b>Portfolio holder:</b>	Councillor Ian Houlder Portfolio Holder for Resources and Performance <b>Tel:</b> 01284 810074 <b>Email:</b> <a href="mailto:ian.houlder@stedsbc.gov.uk">ian.houlder@stedsbc.gov.uk</a>	
<b>Chairman of the Committee:</b>	Councillor Sarah Broughton Performance and Audit Scrutiny Committee <b>Tel:</b> 01284 787327 <b>Email:</b> <a href="mailto:sarah.broughton@stedsbc.gov.uk">sarah.broughton@stedsbc.gov.uk</a>	
<b>Lead Officer:</b>	Rachael Mann Assistant Director (Resources and Performance) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	<p>On 31 January 2018, the Performance and Audit Scrutiny Committee will consider Report No: <a href="#">TMS/SE/18/001</a> and <a href="#">Appendix 1</a>, which was scrutinised by the Treasury Management Sub-Committee on 22 January 2018.</p> <p>The report presented the Council's third Quarter Treasury Management Report summarising the investment activity for the period 1 April 2017 to 31 December 2017.</p>	

<b>Recommendation:</b>	<b>It is <u>RECOMMENDED</u> that, subject to the approval of Council, the Treasury Management Report 2017-2018 for the period 1 April 2017 to 31 December 2017, attached at Appendix 1 to Report No: TMS/SE/18/001, be approved.</b>		
<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> 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"/>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>
Are there any <b>staffing</b> implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>
Are there any <b>ICT</b> implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>
Are there any <b>legal and/or policy</b> implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>
Are there any <b>equality</b> implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> <li>See Report No: TMS/SE/18/001</li> </ul>
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
See Report No: TMS/SE/18/001			
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		Annual Treasury Management and Investment Strategy 2017/18. (Report <a href="#">COU.SE.17.002</a> refers)	
<b>Documents attached:</b>		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 No: TMS/SE/18/001 on 22 January 2018, and the Performance and Audit Scrutiny Committee subsequent consideration of the same report on 31 January 2018, the Portfolio Holder for Resources and Performance will verbally report on the Sub-Committee's and Committee's consideration of the report and recommendations.
- 1.1.2 Full details of treasury management activities during the period 1 April to 31 December 2017 are included in **Appendix 1** of this report.

Below is a summary of those investment activities:

<b>INTEREST EARNED AND AVERAGE RATE OF RETURN SUMMARY</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Difference</b>
Investment Interest Earned	£189,750	£226,427	+ £36,677
Average Rate of Return	0.55%	0.56%	+0.01%

- The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- As at 31 December 2017 we held £44,750,000 of investments.

<b>INVESTMENT ACTIVITY SUMMARY</b>	
	<b>2017/2018 £</b>
<b>Opening Balance 01 April 2017</b>	<b>46,350,000</b>
Investments made during the year (including transfers to business reserve accounts)	90,600,000
Sub Total	136,950,000
Investments realised during the year (including withdrawals from business reserve accounts)	92,200,000
<b>Closing Balance 31 December 2017</b>	<b>44,750,000</b>

<b>Summary of Funds held</b>	
<b>Fund</b>	<b>£</b>
Earmarked Revenue Reserves *	20,948,821
Capital Receipts Reserves *	13,820,769
General Fund Reserve	3,035,695
Cash flow Balances (held on behalf of others)	6,944,715
<b>Total Value of Investments</b>	<b>44,750,000</b>

\* these funds will be utilised through the Council's 5 year financial planning period

### 1.1.3 Borrowings and Temporary Loans

The Council had no borrowings or temporary loans as at 31 December 2017.

1.1.4 The Treasury Management Sub-Committee on 22 January 2018 scrutinised the investment activity from 1 April to 31 December 2017 in detail and asked questions to which officers provided comprehensive responses. In particular discussions were held on the investment activity and cash flow balances.

1.2 **Performance and Audit Scrutiny Committee**

1.2.1 The Performance and Audit Scrutiny Committee will consider the report on 31 January 2018, which is after the despatch and publication of this report. Should the Committee amend the recommendations set out in Report No: TMS/SE/18/001, then these will be verbally reported at the Cabinet meeting.