

Report of the Cabinet Member for Finance, Performance and Customer Services

Scrutiny of the Treasury Management Annual Report 2013/14 and review of Prudential indicators

Summary

1. The purpose of this report is to review the Treasury Management Annual Report & Review of Prudential Indicators 2013/14 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (“the Code”).
2. Attached at Annex One is the Treasury Management Annual Report & Review of Prudential Indicators 2013/14 which was discussed at Cabinet on the 1 July 2014.

Background

3. This covering report aims to assist Audit & Governance members in their review of the Treasury Management Annual Report & Prudential Indicators 2013/14 at Annex One.
4. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.
5. For reporting, scrutiny and training arrangements during 2012/13 the Council has met the reporting requirements and received the following reports.
 - an annual treasury strategy in advance of the year

- a mid year treasury update report
 - an annual report following the year describing the activity compared to the strategy
6. Significant points to note from the report at Annex One include
- During the year, the Council followed the agreed treasury management strategy of running down the investment portfolio and using the Council's surplus cash rather than taking external borrowing, thus avoiding the cost of holding higher levels of investment and reducing counterparty risk.
 - There was no restructuring of borrowing during the year
 - No new debt was drawn down in year
 - The Council's borrowing requirement for capital purposes (the Capital Financing Requirement) did not increase in year
 - There are no issues of concern in the Prudential Indicators

Options

7. It is a statutory requirement under Local Government Act 2003 for the council to operate in accordance with the CIPFA prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice.

Corporate Priorities

8. Treasury management is an integral part of the council's finances providing for cash flow management and financing of capital schemes. It aims to ensure that the council maximises its return on investments and minimises the cost of its debts.

Implications

9. The implications are
- Financial – the security of the Council's capital funds is a priority, maximising returns on investments and minimising finance costs of debt is key.
 - Human Resources - there are no human resource implications to this report
 - Equalities - there are no equality implications to this report
 - Legal - there are no legal implications to this report

- Crime and Disorder - there are no crime and disorder implications to this report
- Information Technology - there are no information technology implications to this report
- Property - there are no property implications to this report
- Other - there are no other implications to this report

Risk Management

10. The treasury management function is a high-risk area due to the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice 2009 (the code) are all adhered to as required.

Conclusion

11. The Treasury management function continues to operate in full accordance with the Prudential Code ensuring the Council's treasury activities are prudent, affordable and sustainable.

Recommendations

12. It is recommended that Audit & Governance Committee note the Treasury Management Annual Report 2013/14 & Review of Prudential Indicators at Annex One;

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

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Report
approved

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Specialist Implications Officer(s) None

Wards Affected: *List wards or tick box to indicate all* **All**

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For further information please contact the author of this report

Annexes

A – Treasury Management Annual Report & Review of Prudential Indicators 2013/14 Report