

# CARDIFF COUNCIL CYNGOR CAERDYDD

**AUDIT COMMITTEE:**

**16 September 2015**

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## TREASURY MANAGEMENT ANNUAL REPORT 2014/15

### REPORT OF THE CORPORATE DIRECTOR RESOURCES

**AGENDA ITEM: 7.2**

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**Annexes B & C to this Appendix 1 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

#### Reason for this Report

1. To provide Audit Committee Members with the Treasury Management Annual Report before submission to Council in September in accordance with the Council's Treasury Management Policy.

#### Background

2. Council requires the scrutiny of the accounting, audit and commercial issues of its Treasury Management Strategy and Practices to be undertaken by the Council's Audit Committee due to the technical nature of the documents. The report attached at Appendix 1 provides the Committee with the Treasury Management Annual Report for 2014/15. Audit Committee has already been appraised of the main contents of this report, from previous Treasury Management and performance reports.

#### Issues

3. In accordance with requirements, reports were submitted to Council in February 2014 indicating the Treasury Management Strategy for 2014/15 and a mid year report in December 2014. The following paragraphs cover the main highlights of the annual report for 2014/15.
4. The bank base rate remained unchanged at 0.5%. At 31 March 2015, investments stood at £54.9 million. The annual report includes charts indicating who the investments are placed with and for how long. All investments are deemed recoverable and so no losses are required to be recognised in the Council's Statement of Accounts for 2014/15. Interest receivable from treasury investments totalled £0.5 million during the year.
5. At 31 March 2015, the Council had £470.5 million of external borrowing, with £5 million of new borrowing and £7.8m of scheduled repayments during 2014/15. Interest payable during the year from its revenue budget on this debt

was £24.7 million of which £4.8 million was paid for by the Housing Revenue Account in accordance with statutory formulas.

6. The level of internal borrowing was £25 million at 31 March 2015. Lender Option Borrower Option Loans terms were not changed by the lender during the year, so these were not required to be repaid early, but remain a re-financing risk. Due to restrictive penalty costs, no debt rescheduling was undertaken during the year.
7. At the start of the financial year, the Council is required to set a number of prudential indicators for capital and revenue expenditure. During 2014/15, there was no breach of indicators requiring a separate report to Council. Local affordability indicators are also produced highlighting the percentage of the Council's budgets committed to capital financing costs.
8. For 2015/16, the Treasury Management Strategy was approved in February 2015 as part of the Budget Report. A significant change in 2015/16 is the settlement payment made for housing finance reform. Audit committee has already received details of the changes and that report will be used in informing Council of the outcome when submitting the Mid Year 2015/16 Treasury Management Report.

#### **Reason for Recommendations**

9. To allow Audit Committee to undertake the scrutiny of Treasury Management in accordance with Council's Treasury Management Policies.

#### **Legal Implications**

10. No direct legal implications arise from this report.

#### **Financial Implications**

11. This report provides a summary of the Council's Treasury Management activities during 2014/15. The report is required to be submitted to Council to discharge its reporting duties under the Treasury Management Policy adopted by the Council. This requires a report on treasury management at the start of the year, a mid year report and an annual report at the end of the year. The report is to note the activities and position of the prior financial year but highlights the level of investments, borrowing, risks and revenue impact of treasury management decisions.

#### **RECOMMENDATIONS**

12. That the Treasury Management Annual Report for 2014/15 be noted.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**01 September 2015**

The following appendix is attached:

Appendix 1 – City of Cardiff Council Treasury Management Annual Report 2014/15