

**TREASURY MANAGEMENT ANNUAL REPORT 2016/17**

**REPORT OF THE CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9.2**

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**Annexes B & C to this Appendix 1 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972**

**PORTFOLIO: CORPORATE AFFAIRS**

**Reason for this Report**

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared 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**

3. 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 2016/17. Audit Committee has already been appraised of the main contents of this report, from previous Treasury Management and performance reports.

**Issues**

4. In accordance with regulatory requirements, reports were submitted to Council in February 2016 indicating the Treasury Management Strategy for 2016/17 and a mid year report in November 2016. The following paragraphs cover the main highlights of the annual report for 2016/17.
5. The bank base rate reduced from 0.50% to 0.25% in August 2016 following the EU referendum. At 31 March 2017, investments stood at £68.6 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 activities during 2016/17. Interest receivable from treasury investments totalled £0.6 million during the year.

6. At 31 March 2017, the Council had £674 million of external borrowing, with £14.6 million of new borrowing and £6.8 million of scheduled repayments during 2016/17. Interest payable during the year from its revenue budget on this debt was £32.3 million of which £12.5 million was paid for by the Housing Revenue Account.
7. The level of internal borrowing is £50 million at 31 March 2017. (£43 million at 31 March 2016). 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.
8. At the start of the financial year, the Council is required to set a number of prudential indicators for capital and revenue expenditure. During 2016/17, 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.

### **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 2016/17. 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 2016/17 be noted.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**13 September 2017**

The following appendix is attached:  
Appendix 1 – City of Cardiff Council Treasury Management Annual Report 2016/17