

AUDIT COMMITTEE: 8 SEPTEMBER 2020

TREASURY MANAGEMENT ANNUAL REPORT 2019/20

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 7.2

Annexes B & C of Appendix 1 of this report are not for publication as they contain exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972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. 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 October 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 2019/20.

Issues

4. In accordance with regulatory requirements, reports were submitted to Council in February 2019 indicating the Treasury Management Strategy for 2019/20 and a mid year report in November 2019. The following paragraphs cover the main highlights of the annual report for 2019/20.
5. At 31 March 2020, investments stood at £127.6 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 2019/20. Interest receivable from treasury investments totalled £1 million during the year.
6. At 31 March 2020, the Council had £828.8 million of external borrowing, with £111 million of new borrowing and £4.2 million of scheduled repayments during 2019/20. Interest payable during the year from its revenue budget on this debt was £32.8 million of which £12.3 million was paid for by the Housing Revenue Account.

7. The level of internal borrowing is nil at 31 March 2020 (£45 million at 31 March 2019). 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 expenditure and its treasury management activities. During 2019/20, 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 backward looking summary of the Council's Treasury Management activities during 2019/20. 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 and highlights the level of investments, borrowing and revenue impact of treasury management decisions.

RECOMMENDATIONS

12. That the Treasury Management Annual Report for 2019/20 be noted, prior to its submission to full Council.

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES
8 September 2020

The following appendix is attached:
Appendix 1 – Cardiff Council Treasury Management Annual Report 2019/20