

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 SEPTEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **TREASURY MANAGEMENT ANNUAL REPORT**
2012/13

1.00 PURPOSE OF REPORT

1.01 To present to Members the draft Annual Treasury Management Report for 2012/13.

2.00 BACKGROUND

2.01 The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice, which requires Council to approve a treasury management strategy before the start of each financial year, a mid year report, and an annual report at the end of each financial year.

2.02 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Head of Finance, who acts in accordance with the Council's Policy and Strategy Statement and Treasury Management Practices.

2.03 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. A treasury management update was provided to the Audit Committee at each quarterly meeting during 2012/13.

2.04 On 1st March 2012 the Council approved the Treasury Management Policy and Strategy Statement for 2012/13. This report reviews the activities and performance of the treasury management operations during 2012/13.

2.05 The Treasury Management Mid Year Report 2012/13 was presented to the Audit Committee on 25th September 2012, Cabinet on 16th October and Council on 13th November 2012.

3.00 CONSIDERATIONS

3.01 The draft Annual Treasury Management Report 2012/13 is attached in the appendix to this report. The report was reviewed by the Audit Committee on 30th July 2013; the Committee resolved that the report be presented to Cabinet and Council.

3.02 The key points to note from the report are summarised below:

- Section 3 – Borrowing requirements and debt management. Borrowing was reduced by £1.5m during the year to £172.1m due to the repayment of a loan. Total external debt; which includes both borrowing and other long term liabilities such as finance leases, increased to £180.2m in the main due to new finance leases being signed for redevelopment works at the Jade Jones Pavilion, Flint.
- Section 4 – Investment Activity. The investment strategy was implemented in a pro-active manner with security and liquidity as the focus. Average cash balances during the year were £70m which generated investment income of £508k. The financial environment within which the treasury function operated remained challenging and this is likely to continue for the foreseeable future.
- Section 6 – Compliance. The treasury function operated within the limits detailed in the Treasury Management Policy and Strategy Statement 2012/13 with one exception as detailed in 6.03 of appendix A.

3.03 The Mid Year Treasury Management report 2013/14 will be presented to the Audit Committee on 7/10/2013, Cabinet on 15/10/2013, and Council on 12/11/2013.

4.00 RECOMMENDATIONS

4.01 Cabinet approves and recommends to Council the draft Annual Treasury Management Report for 2012/13.

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the Annual Report.

6.00 ANTI POVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 Arlingclose Ltd. as Treasury Management Advisors.

11.00 CONSULTATION UNDERTAKEN

11.01 Arlingclose Ltd. as Treasury Management Advisors.

12.00 APPENDICES

12.01 Draft Annual Treasury Management Report 2012/13.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

Treasury Management Policy & Strategy Statement 2011/13
Schedule of temporary investment transactions 2012/13
Approved bank and building society list as at 31st March 2013.

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