

## CABINET MEETING

<b>Date of Meeting</b>	15 September, 2015
<b>Report Subject</b>	Treasury Management Annual Report 2014/15
<b>Portfolio Holder</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The purpose of the report is to present to Members the draft Annual Treasury Management Report for 2014/15 for recommendation to Council.

Summary of key points of the report –

- The UK base interest rate remained at 0.50% throughout the year
- No new borrowing was undertaken during the year.
- The treasury function operated within the limits detailed in the Treasury Management Strategy 2014/15.

### **Recommendations**

1. Cabinet approves and recommends to the Council the Annual Treasury Management Report for 2014/15.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE TREASURY MANAGEMENT ANNUAL REPORT 2014/15</b>
1.01	<b><u>BACKGROUND</u></b>
1.01.1	The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for execution and administration of treasury management decisions to the Corporate Finance Manager, who acts in accordance with the Council's Treasury Management Policy Statement, Strategy and Practices.
1.01.2	On 18 <sup>th</sup> February 2014, the Council approved the Treasury Management Strategy 2015/16, following the recommendation of the Cabinet and consideration by the Audit Committee. The Annual Report reviews the activities and performances of the treasury management operations during 2014/15 and compares this with the Policy, Strategy and Practices.
1.01.3	The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.
1.02	<b><u>CONSIDERATIONS</u></b>
1.02.1	The draft Annual Treasury Management Report 2014/15 is attached as Appendix 1. As required by the Council's Financial Procedure Rules, this Annual Report was reviewed by Audit Committee on 15 <sup>th</sup> July 2015 and will also be reported to Council on 24 <sup>th</sup> September 2015.  <b>Summary of Key Points</b>
1.02.2	The UK bank base interest rate again remained at its historic low of 0.5% throughout the year. This was reflected in the low level of interest that the Council was able to generate on its investments; the average interest rate for investments during the year was 0.54%. Section 2 of the annual report provides a review of the economy and interest rates, and Section 4 provides further details of the Council's investment activity during the year.
1.02.3	No new borrowing was undertaken during the year; the Council continued to use cash reserves to fund capital expenditure in place of new borrowing. Debt rescheduling opportunities were considered by officers and the Council's Treasury Management advisors. However, the premia charged for repaying high interest rate debt or replacing it with debt at a lower interest rate was deemed too expensive and therefore made any debt rescheduling unattractive. Section 3 of the annual report provides more information on borrowing and debt management during the year.
1.02.4	The treasury function operated within the limits detailed in the Treasury Management Strategy 2014/15.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	As set out in the Annual Report

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Arlingclose Ltd. As Treasury Management Advisors

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the Annual Report

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Annual Treasury Management Report 2014/15

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>Treasury Management Policy Statement 2013 – 2016  Treasury Management Investment Strategy 2014/15  Treasury Management Practices 2013 – 2016  Schedule of temporary investment transactions 2014/15  Approved Counterparty list as at 31<sup>st</sup> March 2015.</p> <p><b>Contact Officer:</b> Liz Thomas  Finance Manager Strategy and Technical</p> <p><b>Telephone:</b> 01352 702289  <b>E-mail:</b> <a href="mailto:liz.thomas@flintshire.gov.uk">liz.thomas@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	None.