

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT AND STANDARDS COMMITTEE

3 July 2017

1. TREASURY MANAGEMENT ANNUAL REPORT 2016/17

Submitted by: **Head of Finance**
Portfolio: **Finance, ICT and Customer**
Ward(s) affected: **All Indirectly**

Purpose of the Report

To receive the Treasury Management Annual Report for 2016/17 and to review the Treasury Management activity for this period.

Recommendations

- (a) That the Treasury Management Annual Report for 2016/17 be received and be reported to Full Council on 7 September 2017.**

Reasons

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year. Full Council resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports. Following submission to the Audit and Standards Committee the Treasury Management Annual Report will be reported to Full Council on 7 September 2017.

1. Background

- 1.1 The CIPFA Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year. It was resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports.
- 1.2 This report therefore ensures that this Council is embracing Best Practice in accordance with CIPFA's recommendations in the CIPFA Code of Practice.
- 1.3 Treasury Management operations are carried out in accordance with policies laid down in the currently approved Treasury Management Policy Statement, backed up by approved Treasury Management Practices and Schedules thereto, and the Annual Treasury Management Strategy Report for 2016/17 approved by Council on 24 February 2016.

1.4 The Council undertook a tendering exercise in January 2017 for the provision of Treasury Management Advisory services for the period 1st April 2017 to 31st March 2020. The contract for this period was awarded to Arlingclose Ltd.

2. **Issues**

2.1 The Treasury Management Annual Report for 2016/17 is attached at Appendix 1. The economic background and economic forecast included in the report has been provided by the Council's Treasury Management Advisors, Arlingclose Ltd.

3. **Legal and Statutory Implications**

3.1 See Background for details.

4. **Financial and Resource Implications**

4.1 There are no specific financial implications arising from the report.

5. **Major Risks**

5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

5.2 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital.

5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **List of Appendices**

6.1 Appendix 1, Treasury Management Annual Report 2016/17.

7. **Background Papers**

- CIPFA Treasury Management Code of Practice,
- Council's Treasury Management Policy Statement,
- Council's Treasury Management Strategy,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Guidance on Local Authority Investments issued by the Department for Communities and Local Government (revised March 2010),
- Ernst & Young Progress Report (10 March 2016),
- Arlingclose Ltd. Treasury Management Outturn Report template (21 April 2017)