
TITLE: 2018/19 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW

Committee: Finance and Assets Committee

Date: 20th June 2018

Author: Finance Manager [U28]

1.0 ISSUE

1.1 To report on the Council's treasury operations during the 2018/19 financial year.

1.2 This report reviews the Treasury Management activity during the financial year 2018/19 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

2.0 RECOMMENDATION

2.1 Members are asked to note the contents of this report on the Council's treasury operations during 2018/19, including the prudential and treasury indicators as set out in Appendix 1 and recommend to Full Council approval of the report.

3.0 BACKGROUND / INTRODUCTION

3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3.2 During 2018/19 the minimum reporting requirements were that Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (received by Council on the 22nd February 2018);
- a mid-year treasury update report, (this was reviewed by Resources and Finance Committee on 29th November 2018 and approved by Full Council on the 21st February 2019);
- an annual review following the end of the year, describing the activity compared to the strategy (this report).

4.0 RESULTS

4.1 Cash investments totalled £6,191 million as at 31 March 2019, an increase of £1.34 million on the previous year. The Council's cash investments are all for periods of less than one year.

4.2 In addition the Council's loan to East Cambridgeshire Trading Company (ECTC) was £4,620,000 at the 31st March 2019.

4.3 Interest received during the financial year was £304,946, which was £64,946 above the budget of £240,000. This figure is made up of £59,093 from investment in money markets and £245,853 from the loan to ECTC.

4.4 The rate of return on cash investments held as at 31st March 2019 (this excludes the loan to ECTC) was 0.633%. This was above the benchmark 7 day LIBID (London Inter-bank Bid Rate) which was 0.507%.

5.0 CONCLUSIONS

5.1 The size of the Council's investment portfolio is relatively small. Meaning that investment decisions have to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. Despite these pressures, opportunities for some pro-active investment decisions were taken during the year when opportunity arose, with funds being moved to fixed term investments and away from overnight accounts.

5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

6.0 APPENDIX

6.1 Annual Treasury Management Review 2018/19