

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Julie Kennealy - Executive Director Commercialisation

To: Governance and Audit Committee – 3 December 2015

(Author: Sean Howsam – Finance Manager Treasury (Compass Point Business Services (CPBS))

Subject: Mid Term Treasury Report 2015/16

Purpose: To provide an update of the treasury management position of the Council as at 30 September 2015.

Recommendation:

- 1) That Governance and Audit Committee note the report and treasury activity as detailed in **Appendix A** and make any comments for consideration by Council when they consider the minutes of this meeting at their meeting on 20 January 2016.

1.0 BACKGROUND

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011 was adopted by this Council on 8 March 2012.

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Governance and Audit Committee.

- 1.2 Attached at **Appendix A** is the 2015-16 Mid-Year Review Report for scrutiny to enable Governance and Audit to make any comments for consideration by Council when they consider the minutes of this meeting at their meeting on 20 January 2016.

2.0 OPTIONS

- 2.1 As the report is an update report there are no alternative options presented.

3.0 REASONS FOR RECOMMENDATION

3.1 To comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011.

4.0 EXPECTED BENEFITS

4.1 The report provides Members with a summary of the economy, the effect it has had on financial markets and the treasury activity during 2015-16. The report requires scrutiny prior to the minutes being submitted to Council for approval.

5.0 IMPLICATIONS

5.1 Constitution & Legal

5.1.1 This Council is required to produce a mid-term treasury report to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011. The report has no implications which would affect the constitution and does not therefore warrant a further change in the constitution.

5.1.2 Plans and strategies for control of the Council's borrowing, investments, capital expenditure and minimum revenue provision form part of the Council's policy framework and are therefore a non-executive (Council) function under the Council's Constitution.

5.2 Financial

5.2.1 This mid-term report provides a review of the treasury activity for the first six months of the 2015/16 financial year.

5.2.2 Investment income to the end of September 2015 is £106k with an investment return of 0.685% on average balances invested of £30m.

5.2.3 Out turn forecast for the year is £163k investment income from an investment return of 0.685% on average balances of £24m together with £37k of investment income in respect of £5m average working capital balances generated through the year.

5.3 Risk Management

5.3.1 The Council's priority is the security of its investments.

5.4 Stakeholders / Consultation / Timescales

5.4.1 The report is being submitted for pre decision scrutiny prior to the minutes of this meeting being submitted to Council.

5.4.2 Capita Asset Services have been consulted in relation to the compilation of this report.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 None.

7.0 ACRONYMS

CPBS – Compass Point Business Services

CIPFA – Chartered Institute of Public Finance and Accountancy

Background papers:-

- a) SHDC Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2015/16
-

Lead Contact Officer

Sean Howsam – Finance Manager Treasury (CPBS)

Telephone Number: 01507 613248

Email: sean.howsam@cpbs.com

Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A – Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2015/16