
TREASURY MANAGEMENT MID-YEAR REPORT 2016/17

Report by Chief Financial Officer

AUDIT AND RISK COMMITTEE

14 November 2016

1 PURPOSE AND SUMMARY

- 1.1 This report presents the mid-year report of treasury management activities for 2016/17, in line with the requirements of the CIPFA Code of Practice, including Prudential and Treasury Management Indicators, and seeks comments from Audit and Risk Committee prior to consideration of the report by Council.**
- 1.2 The report is required as part of the Council's treasury management control regime. It provides a mid-year report on the Council's treasury activity during the six month period to 30 September 2016 and demonstrates that Treasury activity in the first six months of 2016/17 has been undertaken in full compliance with the approved Treasury Strategy and Policy for the year.
- 1.3 Appendix 1 contains an analysis of the performance against the targets set in relation to Prudential and Treasury Management Indicators, and proposes revised estimates of these indicators in light of the 2015/16 out-turn and experience in 2016/17 to date for Council approval.

2 STATUS

- 2.1 This report is being presented prior to the September Financial Monitoring being approved by the Executive Committee, currently scheduled for 15 November 2016. Any changes required as a result of this meeting will be reflected in the final version of this report being submitted to Council on 15 December 2016.

3 RECOMMENDATIONS

- 3.1 It is recommended that the Audit and Risk Committee:**
 - a) Notes that treasury management activity in the six months to 30 September 2016 was carried out in compliance with the approved Treasury Management Strategy and Policy**
 - b) Agrees to the presentation of the Treasury Management Mid-Year Report 2015/16, as contained in Appendix 1, to Council for approval of the revised indicators.**

4 BACKGROUND

- 4.1 The Council approved the Annual Treasury Management Strategy (the Strategy) for 2016/17 at the Council on 11 February 2016. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 4.2 As set out in the annual Treasury Strategy, the Audit and Risk Committee has a role to scrutinise the Mid Year Report before submission to Council for final approval.

5 TREASURY MANAGEMENT MID-YEAR REPORT 2016/17

- 5.1 The Treasury Management Mid-Year Report for 2016/17 (the Mid-Year Report) is contained in Appendix 1. All of the 2016/17 target indicators reported upon are based on the indicators agreed as part of the Strategy approved by Council on 11 February 2016.
- 5.2 The Mid-Year Report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:
 - a) An economic update for the first six months of 2016/17
 - b) A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - c) The Council's capital expenditure (prudential indicators)
 - d) A review of the Council's investment portfolio for 2016/17
 - e) A review of the Council's borrowing strategy for 2016/17
 - f) A review of compliance with Treasury and Prudential Limits for 2016/17
- 5.3 The Mid-Year Report at Annex A contains revised Prudential and Treasury Management Indicators for consideration prior to Council approval. An additional indicator has been included for PI-3 to show the Ratio of Financing Costs to Net Revenue including the PPP financing and repayment costs.
- 5.4 The Mid-Year Report indicates that the Council's Treasury Management activities are being managed and monitored within the agreed boundaries and indicators approved by the Council.

6 IMPLICATIONS

6.1 Financial

There are no further financial implications relating to this report. The outcomes from the Council's treasury management activities are explained in detail within Appendix 1.

6.2 Risk and Mitigations

This report is an account of the outcomes delivered at the six month stage from the tightly risk controlled work that the Council's Treasury staff. The report is an important element of the overall risk management environment but has no specific risk implications of its own.

6.3 Equalities

It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

6.4 **Acting Sustainably**

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

6.5 **Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

6.6 **Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

7 CONSULTATION

- 7.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are currently being consulted and any comments received on the report will be reported at the Audit and Risk Committee meeting.

Approved by

David Robertson
CHIEF FINANCIAL OFFICER

Signature

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Background Papers:

Previous Minute Reference:

Scottish Borders Council, 11 February 2016

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