ANNUAL TREASURY MANAGEMENT REVIEW 2014/15

To:	**Governance and Audit Committee – 24 June 2015**
Main Portfolio Area:	**Finance**
By:	**S151 Officer**
Classification:	**Unrestricted**

Summary: **This report summarises treasury management activity and prudential/treasury indicators for 2014/15.**

For Decision

1.0 Introduction and Background

1.1 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 2014/15. 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).

1.2 During 2014/15 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 6 Feb 2014 and revised by Council 2 Oct 2014)
- a mid-year (minimum) treasury update report (Council 6 Feb 2014)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

In addition, this Council's Governance and Audit Committee has received quarterly treasury management update reports on 24 Sep 2014 and 17 Mar 2015.

1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee before they were reported to the full Council. Member training on treasury management is undertaken to support members' scrutiny role.

1.5 This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

Please note that the Council's 2014/15 accounts have not yet been audited and hence that the figures in this report are subject to change.

2.0 Executive Summary

2.1 During 2014/15, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2013/14 Actual £000	2014/15 Estimate £000	2014/15 Actual £000
Capital expenditure			
• Non-HRA	6,689	18,416	8,184
• HRA	3,958	14,044	7,149
• Total	10,647	32,460	15,333
Capital Financing Requirement:			
• Non-HRA	20,898	26,460	22,390
• HRA	20,874	20,874	20,874
• Total	41,772	47,334	43,264
Gross borrowing	27,252	30,659	30,659
Investments			
• Longer than 370 days	0	0	0
• Under 370 days	27,615	20,000	29,435
• Total	27,615	20,000	29,435
Net borrowing	(363)	10,659	1,224

2.2 Other prudential and treasury indicators are to be found in the main body of this report. The Section 151 Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

2.3 The financial year 2014/15 continued the challenging investment environment of previous years, namely low investment returns.

3.0 The Council's Capital Expenditure and Financing 2014/15

3.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

3.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£000 General Fund	2013/14 Actual	2014/15 Estimate	2014/15 Actual
Capital expenditure	**6,689**	**18,416**	**8,184**
Financed in year	4,623	12,227	6,064
Unfinanced capital expenditure	**2,066**	**6,189**	**2,120**

£000 HRA	2013/14 Actual	2014/15 Estimate	2014/15 Actual
Capital expenditure	**3,958**	**14,044**	**7,149**
Financed in year	3,753	13,819	6,924
Unfinanced capital expenditure	**205**	**225**	**225**

4.0 The Council's Overall Borrowing Need

4.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2014/15 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

4.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

4.3 **Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

4.4 The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2014/15 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2014/15 on 6 Feb 2014.

4.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

CFR (£000): General Fund	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Opening balance	19,450	20,898	20,898
Add unfinanced capital expenditure (as above)	2,066	6,189	2,120
Less MRP/VRP*	(618)	(852)	(853)
Less PFI & finance lease repayments	0	0	0
Transfer from HRA**	0	225	225
Closing balance	20,898	26,460	22,390

CFR (£000): HRA	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Opening balance	22,325	20,874	20,874
Add unfinanced capital expenditure (as above)	205	225	225
HRA loan repayments	(1,656)	0	0
HRA downward revaluation	0	0	0
Less VRP*	0	0	0
Less PFI & finance lease repayments	0	0	0
Transfer to GF**	0	(225)	(225)
Closing balance	20,874	20,874	20,874

** Includes voluntary application of capital receipts.*

***This relates to the transfer of property from HRA to GF on 1 April 2014 at a market value of £225k.*

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

The HRA CFR includes a £200k deduction for the 2012/13 downward revaluation of HRA non-current assets which has been charged to the Comprehensive Income and Expenditure Statement and not then transferred to the Capital Adjustment Account. The treatment of this £200k is under review by the Department of Communities and Local Government (requiring both Ministerial and Treasury approval) and accordingly is subject to change.

4.6 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2014/15. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

£000	31 March 2014 Actual	31 March 2015 Estimate	31 March 2015 Actual
Gross borrowing position	27,252	30,659	30,659
CFR	41,772	47,334	43,264

4.7 **The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Council has maintained gross borrowing within its authorised limit.

4.8 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

4.9 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

£000	2014/15
Authorised limit	62,000
Maximum gross borrowing position	48,000
Operational boundary	54,000
Average gross borrowing position	28,448
Financing costs as a proportion of net revenue stream – General Fund	4.72%
Financing costs as a proportion of net revenue stream - HRA	5.81%

5.0 Treasury Position as at 31 March 2015

5.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2014/15 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

£000	31 March 2014 Principal	Rate/ Return	Average Life yrs	31 March 2015 Total Principal	31 March 2015 HRA Principal	31 March 2015 GF Principal	Rate/ Return	Average Life yrs
Fixed rate funding:								
-PWLB	22,752	4.27%	12.5	26,159	16,989	9,170	3.69%	13.2
-Market	4,500	4.19%	0.5	4,500	3,880	620	4.19%	0.5
Variable rate funding:								
-PWLB	0			0	0	0		
-Market	0			0	0	0		
Total debt	**27,252**	**4.26%**	**10.6**	**30,659**	**20,869**	**9,790**	**3.77%**	**11.3**
CFR	**41,772**			**43,264**	**20,874**	**22,390**		
Over / (under) borrowing	**(14,520)**			**(12,605)**	**(5)**	**(12,600)**		
Investments:								
- in house	27,615	0.52%		29,435			0.53%	
- with managers	0			0				
Total investments	**27,615**	**0.52%**		**29,435**			**0.53%**	

5.2 The maturity structure of the debt portfolio was as follows:

£000	31 March 2014 actual	2014/15 upper limits	31 March 2015 actual
Under 1 year	4,500	15,329	5,940
1 year to under 2 years	960	15,329	480
2 years to under 5 years	0	15,329	6,239
5 years to under 10 years	11,691	16,862	7,367
10 years to under 20 years	4,341	15,329	2,787
20 years to under 30 years	3,840	15,329	4,926
30 years to under 40 years	1,920	15,329	1,920
40 years to under 50 years	0	15,329	1,000
50 years and above	0	15,329	0
Total debt	27,252		30,659

5.3 All investments were for under 370 days. As at 31 March 2015 the amount invested between 365-370 days was £1.6m (limit: £5.0m).

5.4 The exposure to fixed and variable rates was as follows:

£000	31 March 2014 Actual	2014/15 Upper Limits	31 March 2015 Actual
Fixed rate	27,252 debt 6,800 investments	62,000 debt 45,000 investments	30,659 debt 11,754 investments
Variable rate	0 debt 20,815 investments	62,000 debt 45,000 investments	0 debt 17,681 investments

6.0 The Strategy for 2014/15

6.1 The Council uses Capita as its external treasury management advisor. Capita's expectation for interest rates within the strategy for 2014/15 anticipated the Bank Rate remaining at 0.5% for 2014/15, and gradual rises in fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

6.2 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

6.3 The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.

6.4 Change in strategy during the year: the investment strategy adopted in the original Treasury Management Strategy Report for 2014/15 approved by the Council on 6 Feb 2014 was revised by the Council on 2 Oct 2014 to remove the minimum credit ratings criteria for Viability, Financial Strength and Support (in line with Capita's new rating assessment methodology).

7.0 Capita's Review of the Economy and Interest Rates (issued by Capita on 23 April 2015)

7.1 The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the European Central Bank (ECB) was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

7.2 Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the European Union (EU) and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone (EZ) once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

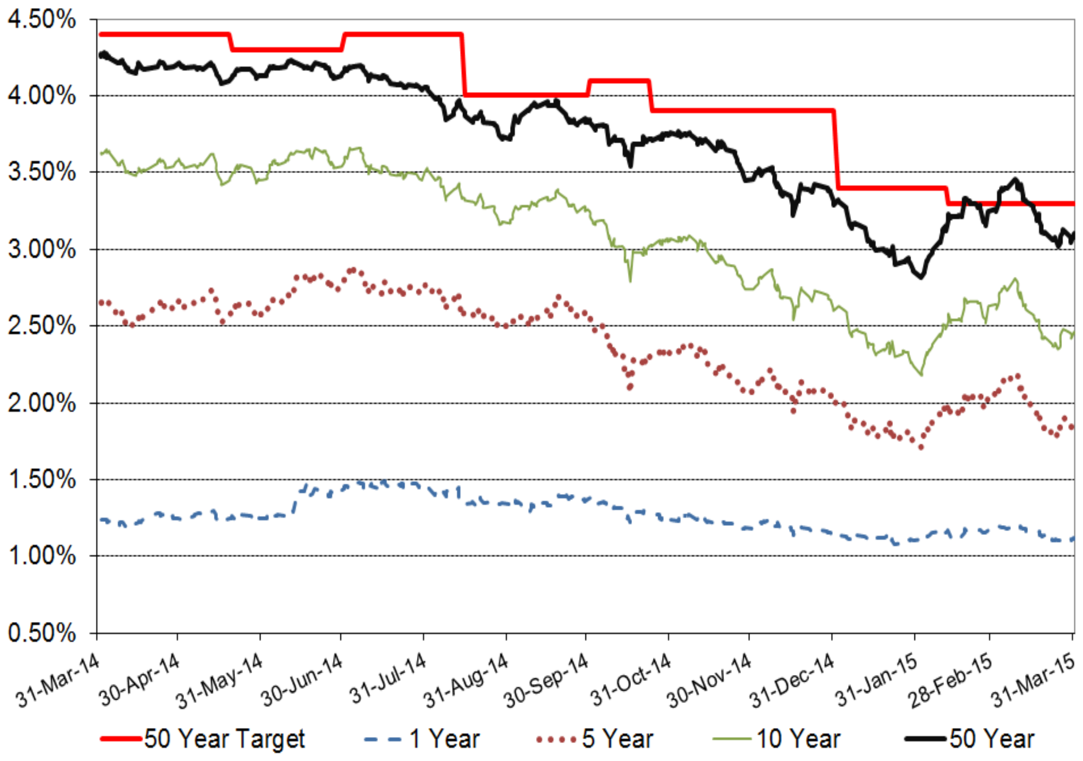
7.3 The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing throughout 2014/15.

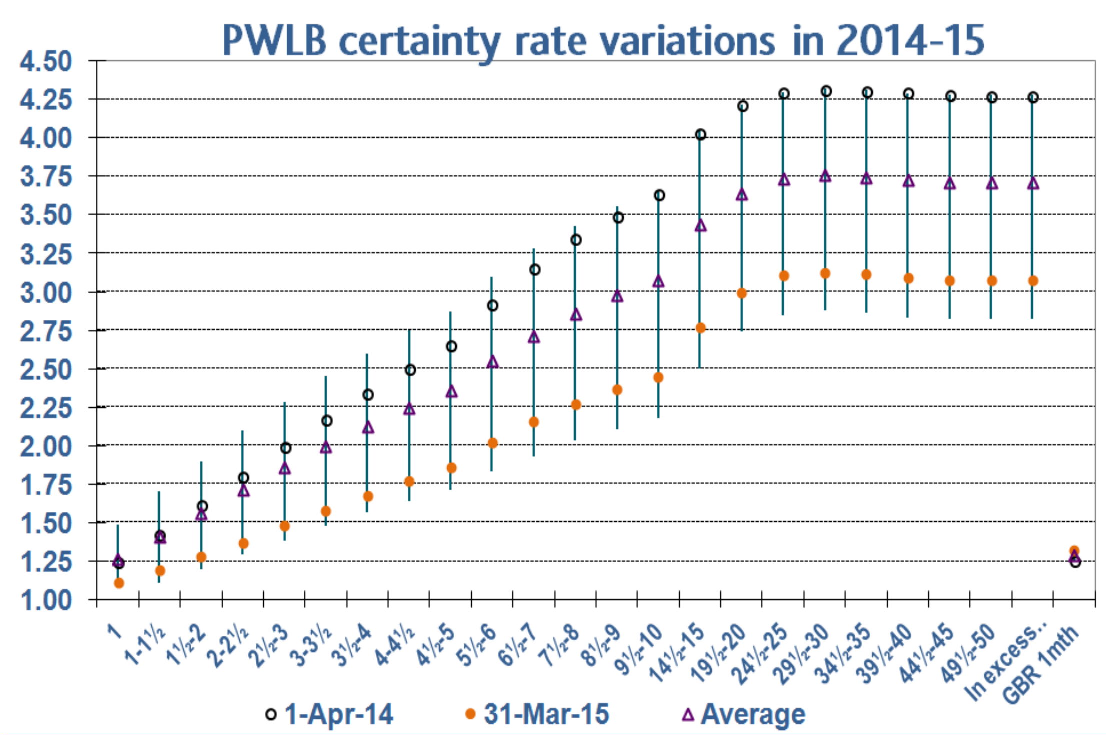
7.4 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.

7.5 The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

8.0 Borrowing Rates in 2014/15

8.1 **PWLB certainty maturity borrowing rates -** the graphs and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.


4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
31-Mar-14
30-Apr-14
31-May-14
30-Jun-14
31-Jul-14
31-Aug-14
30-Sep-14
31-Oct-14
30-Nov-14
31-Dec-14
31-Jan-15
28-Feb-15
31-Mar-15
50 Year Target
1 Year
5 Year
10 Year
50 Year


PWLB certainty rate variations in 2014-15
4.50
4.25
4.00
3.75
3.50
3.25
3.00
2.75
2.50
2.25
2.00
1.75
1.50
1.25
1.00
1
1-1½
1½-2
2-2½
2½-3
3-3½
3½-4
4-4½
4½-5
5½-6
6½-7
7½-8
8½-9
9½-10
14½-15
19½-20
24½-25
29½-30
34½-35
39½-40
44½-45
49½-50
In excess..
GBR 1mth
1-Apr-14
31-Mar-15
Average

	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/14	1.240%	1.420%	1.990%	2.340%	2.650%	3.630%	4.290%	4.270%	1.250%
31/3/15	1.110%	1.190%	1.480%	1.680%	1.860%	2.450%	3.110%	3.080%	1.320%
High	1.490%	1.700%	2.280%	2.600%	2.870%	3.660%	4.300%	4.280%	1.340%
Low	1.080%	1.110%	1.380%	1.570%	1.710%	2.180%	2.850%	2.820%	1.250%
Average	1.266%	1.417%	1.863%	2.130%	2.362%	3.083%	3.737%	3.719%	1.290%
Spread	0.410%	0.590%	0.900%	1.030%	1.160%	1.480%	1.450%	1.460%	0.090%
High date	16/07/2014	03/07/2014	03/07/2014	03/07/2014	03/07/2014	20/06/2014	03/04/2014	02/04/2014	17/09/2014
Low date	23/01/2015	06/01/2015	07/01/2015	07/01/2015	02/02/2015	02/02/2015	02/02/2015	02/02/2015	01/04/2014

9.0 Borrowing Outturn for 2014/15

9.1 **Treasury Borrowing**– Council debt at 31 March 2015 was:

Lender	Principal £000	Principal HRA £000	Principal GF £000	Interest Rate %	Maturity Date	Start Date
PWLB	960	828	132	2.75	03/05/15	07/05/10
PWLB	960	828	132	3.84	31/03/19	07/05/10
PWLB	3,840	3,311	529	3.57	01/10/19	15/10/09
PWLB	3,840	3,311	529	3.31	15/09/21	15/09/11
PWLB	584	503	81	4.875	30/06/24	12/03/99
PWLB	1,817	1,567	250	4.875	30/06/24	12/03/99
PWLB	1,920	1,656	264	4.04	01/10/29	15/10/09
PWLB	21	18	3	11.625	05/08/33	25/09/73
PWLB	3,840	3,311	529	4.42	31/12/35	24/01/08
PWLB	1,920	1,656	264	4.22	01/10/49	15/10/09
PWLB	900	0	900	2.48	27/11/23	27/11/13

Lender	Principal £000	Principal HRA £000	Principal GF £000	Interest Rate %	Maturity Date	Start Date
PWLB	1,757	0	1,757	1.97	27/11/20	27/11/13
PWLB	1,000	0	1,000	3.87	24/09/64	24/09/14
PWLB	1,800	0	1,800	3.08	23/10/35	23/10/14
PWLB	1,000	0	1,000	3.16	12/02/40	12/02/15
Market	4,500	3,880	620	4.19	09/06/65	09/06/05
Total	**30,659**	**20,869**	**9,790**			

The Market Loan is subject to six monthly LOBO (Lender Option Borrower Option) arrangements.

9.2 **Borrowing** – The following General Fund loans were drawn to fund net unfinanced capital expenditure and naturally maturing debt:

Lender	Principal £000	Type	Interest Rate	Maturity	General Fund Average Interest Rate for 2014/15
PWLB	1,000	Fixed interest rate	3.87%	24/09/64	3.18%
PWLB	1,800	Fixed interest rate	3.08%	23/10/35	3.18%
PWLB	1,000	Fixed interest rate	3.16%	12/02/40	3.18%

9.3 **Rescheduling**

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

9.4 **Repayments**

The Council repaid £393k of maturing debt using investment balances.

Lender	Principal £000	Interest Rate	Repayment Date
PWLB	50	2.48%	27/05/14
PWLB	146	1.97%	27/05/14
PWLB	50	2.48%	27/11/14
PWLB	147	1.97%	27/11/14
Total £000	393		

9.5 **Summary of debt transactions**

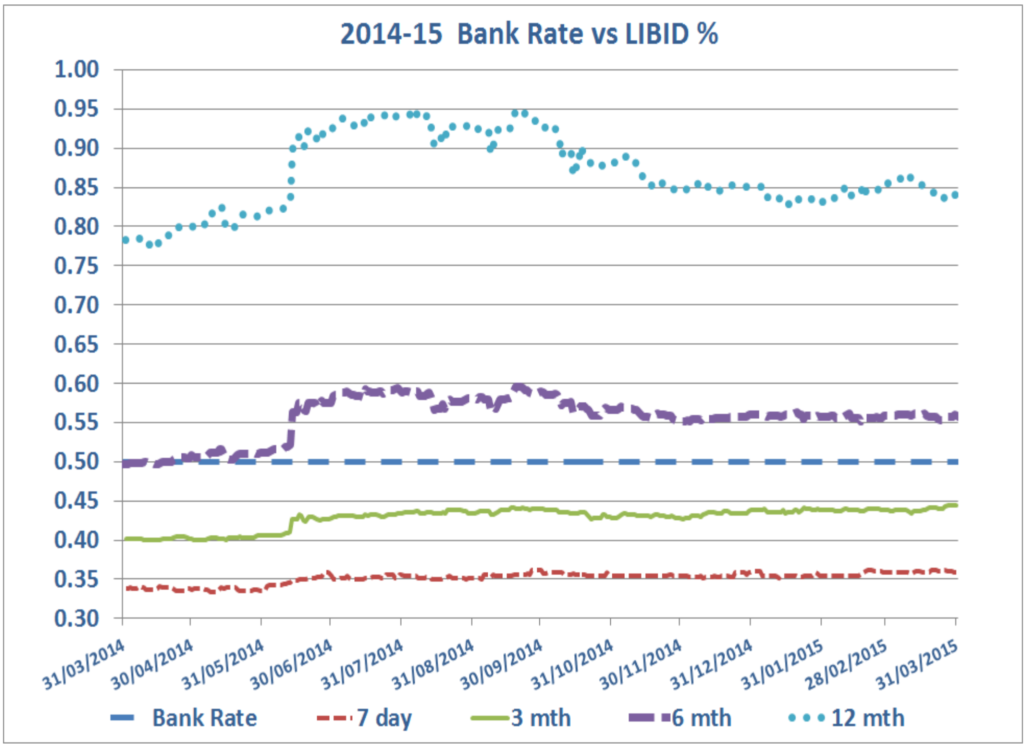
Management of the debt portfolio resulted in a fall in the average interest rate of 0.49%, representing net savings of £139k p.a.

10.0 Investment Rates in 2014/15

10.1 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations from Capita (as at 23 April 2015) as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.

Money market investment rates 2014/15

	7 day	1 month	3 month	6 month	1 year
1/4/14	0.338	0.362	0.402	0.497	0.783
31/3/15	0.358	0.378	0.445	0.559	0.841
High %	0.362	0.384	0.445	0.596	0.951
Low %	0.334	0.360	0.400	0.496	0.772
Average %	0.352	0.374	0.429	0.556	0.868
Spread %	0.028	0.024	0.045	0.100	0.180
High date	26/3/15	26/9/14	27/3/15	19/9/14	5/8/14
Low date	8/5/14	4/4/14	9/4/14	14/4/14	14/4/14



11.0 Investment Outturn for 2014/15

11.1 **Investment Policy** – the Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 6 Feb 2014 (revised by Council 2 Oct 2014). This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

11.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

11.3 **Resources** – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources (£000)	31 March 2014	31 March 2015
Balances (General Fund & HRA)	7,841	7,841
Earmarked reserves (incl MRR & Capital Grants Unapplied)	22,980	20,556
Usable capital receipts	1,628	2,512
Total	**32,449**	**30,909**

11.4 **Investments held by fund managers** – the Council does not use external fund managers and hence no investments were held by fund managers in 2014/15.

11.5 **Investments held by the Council** - the Council maintained an average balance of £39,813k of internally managed funds. The internally managed funds earned an average rate of return of 0.53%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.35%. This compares with a budget assumption of £20,000k investment balances earning an average rate of 0.5%.

12.0 Performance Measurement

12.1 One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 5). The Council's performance indicators were set out in the Annual Treasury Management Strategy.

12.2 This service has set the following performance indicators:

- Investments – internal returns above the 7 day LIBID rate.

The Council exceeded this return as reported above, achieving an average investment rate of 0.53% compared to the average 7 day LIBID rate of 0.35%.

The Council's maximum security risk benchmark for the investment portfolio, when compared to historic default tables, was set as follows:

- 0.05% historic risk of default when compared to the whole portfolio.

The Section 151 Officer can report that the default risk of investments was within this criterion throughout 2014/15.

12.3 Liquidity – The Council set facilities/benchmarks to maintain:

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £10m available with a week's notice
- Weighted Average Life benchmark is expected to be 0.5 years, with a maximum of 1 year.

The Section 151 Officer can report that the liquidity of investments were within these criteria throughout 2014/15.

13.0 Options

13.1 That the Governance and Audit Committee:

- Notes the actual 2014/15 prudential and treasury indicators in this report.
- Approves the annual treasury management report for 2014/15.
- Recommends this report to Cabinet.

14.0 Corporate implications

14.1 **Financial and VAT**

There are no financial or VAT implications arising directly from this report.

14.2 Legal

This report is required to be brought before the Governance and Audit Committee, Cabinet and Council for approval, under the CIPFA Treasury Management Code of Practice.

14.3 Corporate

This report evidences that the officers are continuing to carefully manage the risk associated with the Council's treasury management activities.

14.4 Equity and Equalities

There are no equality or equity issues resulting from this report.

15.0 Recommendations

15.1 That the Governance and Audit Committee:

- Notes the actual 2014/15 prudential and treasury indicators in this report.
- Approves the annual treasury management report for 2014/15.
- Recommends this report to Cabinet.

16.0 Decision Making Process

16.1 This report is to go to Cabinet and then Council for approval.
The next Cabinet meeting is on 30 July 2015.

17.0 Disclaimer

17.1 This report is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. Neither Thanet District Council nor any of its officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Contact Officer:	Nicola Walker, Interim Head of Financial Services extn 7236

Reporting to:	Madeline Homer, Chief Executive

Annex List

N/A	

Corporate Consultation Undertaken

Finance	N/A
Legal	N/A