

POLICY & RESOURCES CABINET BOARD

16TH JUNE 2011

FINANCE & CORPORATE SERVICES

**REPORT OF THE HEAD OF FINANCIAL SERVICES
– H.JENKINS**

INDEX OF REPORT ITEMS

PART 1 - Doc.Code: PRB-160611-REP-FS-HJ

SECTION A – MATTERS FOR DECISION		
Report Item	Page Nos.	Wards Affected
1. Proposed Expansion of the Welsh Purchasing Consortium (WPC)	2-4	All
SECTION B – MATTER FOR INFORMATION		
Report Item	Page Nos	Wards Affected
1. Treasury Management Report	5-7	All

SECTION A – MATTERS FOR DECISION

ITEM 1

WELSH PURCHASING CONSORTIUM (WPC)

1. Purpose of Report

The purpose of this report is to seek approval for the Council to continue its membership of the Welsh Purchasing Consortium (WPC) through the signing of a revised Constitution.

2. Background

- 2.1. The Welsh Purchasing Consortium (WPC) was created in 1974 and has been successful in delivering a range of benefits for its members, in the form of value for money and the sharing of best practice, across the portfolio of contracts its constitute members implement and manage.
- 2.2. The WPC was expanded from 12 to 16 Authorities in 2008. The only Local Authorities in Wales not participating in the collaborative are the six North Wales Councils (they operate under the guise of the North Wales Procurement Partnership NWPP).

3. Current Situation

- 3.1. The expansion of the WPC in 2008 required a review of governance arrangements. A fresh Constitution was drafted by the Head of Legal & Democratic Service at Rhondda Cynon Taff CBC (who also acts as Secretary to the Consortium). Legal Officers from all 16 Authorities have inputted to the development and finalisation of this Constitution. The final version needs to be signed by a Proper Officer of the Council under seal.
- 3.2. All sixteen Authorities have provided a commitment to the WPC until 31st March 2013. A review of the arrangements post this date will be instigated by Procurement Officers from each of the Councils early 2012.

4. Recommendation

- 4.1 It is recommended that the Council continues its membership of the Welsh Purchasing Consortium until 31st March 2013, via the signing of the aforementioned Constitution (under seal) by a Proper Officer of the Council.

5. Reasons for Proposed Decision

- 5.1 To ensure the Authority can continue to benefit from cashable and non-cashable savings that the WPC achieves.
- 5.2 Ensure the Council has contractual arrangements in place that are in compliance with the EU Procurement Directives and the Council's own Contract Procedure Rules.

List of Background Papers

None.

Wards Affected

All

Officer Contact

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COMPLIANCE STATEMENT

PROPOSED EXPANSION OF THE WELSH PURCHASING CONSORTIUM (WPC)

Implementation of Decision

The decision is proposed for implementation after the three-day call in period.

Sustainability Appraisal

Community Plan Impacts

Economic Prosperity	-	Positive
Education & Lifelong Learning	-	Positive
Better Health & Well Being	-	No impact
Environment & Transport	-	Positive
Crime & Disorder	-	No impact

Other Impacts

Welsh Language	-	No impact
Sustainable Development	-	Positive
Equalities	-	Positive
Social Inclusion	-	Positive

Consultation

There is no requirement under the Constitution for external consultation on this item.

SECTION B – MATTER FOR INFORMATION

ITEM 1

TREASURY MANAGEMENT

1. Purpose of Report

This report sets out treasury management action and information since the previous report.

2. Rates of Interest

Bank base rates continue to be at an all time low of 0.5% (since 5th March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 19th May 2011.

	Equal Instalments Of Principal		Annuity		Maturity	
	Previous 13 Apr11	Current 19 May 11	Previous 13 Apr11	Current 19 May 11	Previous 13 Apr11	Current 19 May 11
	%	%	%	%	%	%
5-5.5 years	2.80	2.55	2.82	2.56	3.79	3.47
10-10.5 years	3.79	3.47	3.87	3.54	4.87	4.57
20-20.5 years	4.87	4.57	5.01	4.73	5.36	5.19
35-35.5 years	5.32	5.13	5.37	5.22	5.36	5.23
49.5-50 years	5.38	5.24	5.36	5.23	5.30	5.20

3. General Fund Treasury Management Budget

The following table sets out the treasury management budget for 2011/12 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income. The net general fund budget totals £16.270m.

General Fund	2011/12 Budget £'000
Debt Charges	17,210
Investment Income	
- Total	-1,140
- Other	200
- General Fund	-940
Net General Fund	16,270

3.1 Debt Charges

No new loans have been arranged and this in line with the Treasury Management Strategy for 2011/12.

3.2 Investment Income

In line with the Council's Investment Strategy, the 2011/12 budget for investment income is £1,140,000. Members should note that all investments are classified as 'specified' i.e. up to 12 months and are currently with the major banks including Barclays, Lloyds Group, Bank Santander, Clydesdale, RBS and the Nationwide Building Society. The Council also has an investment with Sheffield MBC.

Members should note the following position in relation to the recovery of monies from investments in Icelandic related banks:

Bank	Original Investment £m	Outstanding Investment £m
Glitnir	2.0	2.00
Heritable	9.0	3.85
KSF	3.0	1.21
Landsbanki Islands HF	6.0	6.00
	20.0	13.06

A further dividend from KSF totalling £154k was received on the 27th May and this is in addition to the £571k received on 19th April 2011 from Heritable Bank which was verbally reported to Members at the previous meeting of 28th April 2011.

Further repayments are expected during 2011/12. The initial ruling in the court cases re Glitnir and Landsbanki in Iceland have confirmed that Local Authority deposits are to be viewed as preferential creditors, although this is subject to appeal.

List of Background Papers

PWLB Notice

Wards Affected

All

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