

# NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

## POLICY AND RESOURCES CABINET BOARD

19th NOVEMBER 2015

### REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES

**Matter for Information**

**Wards Affected: All**

### TREASURY MANAGEMENT MONITORING 2015/16

#### **Purpose of the Report**

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

#### **Background**

2. **Rates of Interest**

Bank base rates remain at of 0.5% (since 5<sup>th</sup> March 2009) and detailed below are the changes in the bank base rate since April 2008.

<b>Effective Date</b>	<b>Bank Rate</b>
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 5<sup>th</sup> November 2015:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 06Oct15	Current 05Nov15	Previous 06Oct15	Current 05Nov15	Previous 06Oct15	Current 05Nov15
	%	%	%	%	%	%
5-5.5 years	1.80	<b>1.94</b>	1.81	<b>1.94</b>	2.26	<b>2.43</b>
10-10.5 years	2.26	<b>2.43</b>	2.28	<b>2.46</b>	2.85	<b>3.04</b>
20-20.5 years	2.85	<b>3.04</b>	2.91	<b>3.10</b>	3.47	<b>3.64</b>
35-35.5 years	3.37	<b>3.54</b>	3.47	<b>3.64</b>	3.50	<b>3.66</b>
49.5-50 years	3.56	<b>3.72</b>	3.55	<b>3.71</b>	3.44	<b>3.59</b>

### 3. General Fund Treasury Management Budget

The following table sets out the treasury management budget for 2015/16 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2014/15 Outturn Position £'000		2015/16 Original Budget £'000
16,964	Principal and Interest charges	17,230
246	Contribution to Treasury Management Equalisation Reserve to fund SSIP and other Capital Programme over the next 3 years.	
<b>17,210</b>	<b>Subtotal Expenditure</b>	<b>17,230</b>
	<b>Investment Income</b>	
(806)	- Total	(614)
227	- less allocated to other funds	210
<b>(579)</b>	<b>Subtotal Income</b>	<b>(404)</b>
<b>16,631</b>	<b>Net General Fund</b>	<b>16,826</b>

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

#### 4. **Investment Income**

In line with the Council's Investment Strategy, the 2015/16 Original Budget for investment income is £614,000; treasury management investment income generated on investments made to date is £488,000.

Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently deposited with Local Authorities, UK banks including Barclays, Lloyds Group, Bank Santander, Clydesdale and Nationwide Building Society.

The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.

No additional long term investments have been carried out since the last report. The Council currently has £10m invested for periods in excess of 12 months:

<b>Counterparty</b>	<b>Value £'000</b>	<b>Period</b>	<b>Maturity</b>	<b>Rate %</b>
Eastbourne Borough Council	4,000	4.5 Years	June 18	2.2%
Peterborough City Council	6,000	5 Years	Dec 18	2.1%
<b>TOTAL</b>	<b>10,000</b>			

#### Icelandic Bank Update

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

The following table shows the amounts outstanding:

**Table 1 – Original Investments**

<b>Bank</b>	<b>Original Investment</b>	<b>Amount of Principal Repaid</b>	<b>Current Outstanding Investment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Heritable	9,000	8,961	39
KSF	3,000	2,546	454
<b>Total</b>	<b>12,000</b>	<b>11,507</b>	<b>493</b>

5. **Borrowing**

Since the last report the final drawdown from the Regional Investment Fund Wales (RIFW) has been completed, this funding has been used for the Neath town centre redevelopment. The total amount of funding drawn down is £12.927m, this amount is repayable in full on 31<sup>st</sup> December 2017.

**Financial Impact**

6. The report is for information only. All relevant financial information is provided in the body of the report.

**Equality Impact Assessment**

7. An equality impact assessment was not required for this report.

**Workforce Impacts**

8. There are no workforce impacts arising from this report.

**Legal Impacts**

9. There are no legal impacts arising from this report.

**Risk Management**

10. There are no risk management issues arising from this report.

**Consultation**

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

## **Appendices**

12. None

### **List of Background Papers**

Treasury Management Files  
PWLB Notice Number 429/15

### **Officer Contact**

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