

AUDIT COMMITTEE

11th DECEMBER 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 recently reported to Policy and Resources Cabinet Board (19th November 2015) which also needs to be reviewed by the Audit Committee.

Background

2. **Rates of Interest**

Bank base rates remain at 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 5th 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	1.94	1.81	1.94	2.26	2.43
10-10.5 years	2.26	2.43	2.28	2.46	2.85	3.04
20-20.5 years	2.85	3.04	2.91	3.10	3.47	3.64
35-35.5 years	3.37	3.54	3.47	3.64	3.50	3.66
49.5-50 years	3.56	3.72	3.55	3.71	3.44	3.59

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.	
17,210	Subtotal Expenditure	17,230
	Investment Income	
(806)	- Total	(614)
227	- less allocated to other funds	210
(579)	Subtotal Income	(404)
16,631	Net General Fund	16,826

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:

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

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

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

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 31st 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

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