

POLICY AND RESOURCES CABINET BOARD

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES

18 FEBRUARY 2016

Matters for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2015/16

1. Purpose of Report

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

2. Rates of Interest

- 2.1 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%

- 2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 1st February 2016:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 01Dec15	Current 01Feb16	Previous 01Dec15	Current 01Feb16	Previous 01Dec15	Current 01Feb16
	%	%	%	%	%	%
5-5.5 years	1.86	1.60	1.87	1.60	2.33	2.05
10-10.5 years	2.33	2.05	2.35	2.06	2.92	2.68
20-20.5 years	2.92	2.68	2.98	2.73	3.52	3.31
35-35.5 years	3.43	3.21	3.52	3.31	3.49	3.31
49.5-50 years	3.59	3.40	3.56	3.38	3.41	3.22

3. Treasury Management Budget

3.1 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.

Members will note that the revised budget now includes a contribution to the voluntary redundancy reserve of £2.9m. This has arisen as a result of the approval by Council, on the 3rd February 2016, of a revised Minimum Revenue Provision (MRP) policy.

2014/15 Outturn Position £'000		2015/16 Original Budget £'000	2015/16 Revised Budget £'000
16,964	Principal and Interest charges	17,230	14,584
246	Contribution to Treasury Management Equalisation Reserve.		
17,210	Subtotal Expenditure	17,230	14,584
	Investment Income		
(806)	- Total	(614)	(614)
227	- less allocated to other funds*	210	210
(579)	Subtotal Income	(404)	(404)
	Contribution to voluntary redundancy reserve		2,900
16,631	Net General Fund	16,826	17,080

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

4. Borrowing

4.1 The following long term borrowing has been arranged with the Public Works Loans Board (PWLB):

Date Arranged	Lender	Amount	Type	Term	Rate
11 th Jan 2016	PWLB	£10.0m	EIP	10yrs	1.99%*

* after deducting the 0.20% certainty rate

5. Investment Income

5.1 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 £503,000.

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.

5.2 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.

5.3 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	2.20%
Peterborough City Council	6,000	5 Years	Dec 18	2.10%
TOTAL	10,000			

Treasury Management Advisors

6. Members should note that Capita Asset Services have been re-appointed as the Authority's Treasury Management advisors for a further three years. The contract expires on 30th June 2018

Financial Impact

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

8. Equality Impact Assessment

An equality impact assessment was not required for this report.

Workforce Impacts

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

Legal Impacts

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

Risk Management

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

Consultation

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

Appendices

13. None

List of Background Papers

Treasury Management Files
Capita Asset Services Contract
PWLB Notice Number 041/16

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