

AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES

27th JUNE 2016

Matters for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2016/17

1. Purpose of Report

- 1.1 This report sets out treasury management action and information recently reported to Policy and Resources Cabinet Board (19th May 2016) which also needs to be reviewed by the Audit Committee.

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 4th May 2016.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 03Mar16	Current 04May16	Previous 03Mar16	Current 04May16	Previous 03Mar16	Current 04May16
	%	%	%	%	%	%
5-5.5 years	1.51	1.58	1.51	1.58	1.89	1.97
10-10.5 years	1.89	1.97	1.90	1.99	2.57	2.64
20-20.5 years	2.57	2.64	2.63	2.70	3.27	3.27
35-35.5 years	3.17	3.18	3.27	3.27	3.29	3.22
49.5-50 years	3.36	3.34	3.35	3.31	3.18	3.11

3. Treasury Management Budget

3.1 The following table sets out details of the treasury management outturn position for 2015/16 as well as the budget for 2016/17. The budget consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2015/16 Revised Budget £'000	2015/16 Outturn Position £'000		2016/17 Original Budget £'000
14,584	14,799	Principal and Interest charges	16,762
		Investment Income	
(614)	(545)	- Total	(614)
210	218	- less allocated to other funds*	260
(404)	(327)	Subtotal Income	(354)
	(195)	Icelandic repayments	
	(97)	Contribution to/(from) treasury management reserve	
2,900	2,900	Contribution to voluntary redundancy reserve	
17,080	17,080	Net General Fund	16,408

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

4. Borrowing

4.1 No borrowing has been arranged since the previous report.

5. Investment Income

5.1 In line with the Council's Investment Strategy, the 2016/17 Original Budget for investment income is £614,000; treasury management investment income generated on investments made to date is £272,000.

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			

5.4 Members should note that since the last report a further dividend of £38,579 has been received from the administrators of the former Icelandic related bank Kaupthing, Singer & Freidlander.

Financial Impact

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

7. Equality Impact Assessment

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 088/16

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