

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES

13th December 2017

Matter for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2017/18

1. Purpose of Report

- 1.1 This report sets out treasury management action and information reported to Policy and Resources Cabinet Board earlier today (13th December 2017) which also needs to be reviewed by the Audit Committee.

2. Rates of Interest

- 2.1 The Monetary Policy Committee (MPC) voted on the 2nd November to increase the bank rate to 0.50%. The reason given for this rise was to try to halt the recent rises in the rate of inflation.

Effective Date	Bank Rate
6th November 2008	3.50%
4th December 2008	2.00%
8th January 2009	1.50%
5th February 2009	1.00%
5th March 2009	0.50%
4th August 2016	0.25%
2nd November 2017	0.50%

- 2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 4th December 2017.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 18Oct17	Current 4Dec17	Previous 18Oct17	Current 4Dec17	Previous 18Oct17	Current 4Dec17
	%	%	%	%	%	%
5-5.5 years	1.51	1.57	1.51	1.57	1.80	1.84
10-10.5 years	1.80	1.84	1.81	1.85	2.36	2.35
20-20.5 years	2.36	2.35	2.41	2.39	2.89	2.85
35-35.5 years	2.83	2.79	2.88	2.84	2.78	2.77
49.5-50 years	2.93	2.89	2.89	2.87	2.63	2.62

3. General Fund Treasury Management Budget

- 3.1 The following table sets out details of the treasury management budget for 2017/18 along with outturn figures 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.

2016/17 Outturn		2017/18 Original Budget £'000
16,798	Principal and Interest charges	18,434
	Investment Income	
(727)	- Total	(504)
153	- less allocated to other funds*	250
(574)	Subtotal Income	(254)
(360)	Contribution from General Reserves	(350)
655	Contribution to/(from) treasury management reserve	
16,519	Net General Fund	17,830

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

4. Borrowing

- 4.1 Since the last report the Council has taken advantage of the current low rates of interest for long term borrowing and arranged the following loans:

Date Arranged	Lender	Amount	Interest Rate	Period (Years)	Type	Maturity Date
21Nov17	PWLB	£10m	2.43%	41.5	Maturity	1 st Jan 2059
21Nov17	PWLB	£10m	2.42%	42.5	Maturity	1 st Jan 2060

The loans are used to fund capital expenditure on projects including the 21st Century Schools Programme and the Street Lighting Replacement Programme amongst others.

5. Investment Income

- 5.1 In line with the Council's Investment Strategy, the 2017/18 Original Budget for investment income is £504k; treasury management investment income generated on investments made to date is £495k.

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 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	5.0 Years	Dec 18	2.10%
TOTAL	10,000			

Financial Impact

6. 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 469/17

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