

**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**POLICY AND RESOURCES CABINET BOARD**

**REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES**

**24<sup>th</sup> January 2018**

**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 since the previous report.

**2. Rates of Interest**

- 2.1 The Monetary Policy Committee (MPC) voted on the 2<sup>nd</sup> 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.

<b>Effective Date</b>	<b>Bank Rate</b>
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 10<sup>th</sup> January 2018.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 4Dec17	Current 10Jan18	Previous 4Dec17	Current 10Jan18	Previous 4Dec17	Current 10Jan18
	%	%	%	%	%	%
5-5.5 years	1.57	1.63	1.57	1.63	1.84	1.89
10-10.5 years	1.84	1.89	1.85	1.90	2.35	2.39
20-20.5 years	2.35	2.39	2.39	2.43	2.85	2.86
35-35.5 years	2.79	2.80	2.84	2.85	2.77	2.75
49.5-50 years	2.89	2.89	2.87	2.86	2.62	2.59

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

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

#### 4. Borrowing

- 4.1 There has been no long term borrowing arranged since the last report.

#### 5. Investment Income

- 5.1 In line with the Council's Investment Strategy, the 2017/18 Original Budget for investment income is £504k. Investment income generated on investments made to date is £510k meaning that the budgeted target for the financial year has been achieved.

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:

<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	2.20%
Peterborough City Council	6,000	5.0 Years	Dec 18	2.10%
<b>TOTAL</b>	<b>10,000</b>			

Members should note that since the last report a further dividend of £10,802 has been received from the administrators of the former Icelandic related bank Kaupthing, Singer & Freidlander.

### **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 014/18

### **Officer Contact**

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