

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

POLICY AND RESOURCES CABINET BOARD

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES

7th March 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 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 21st February 2018:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 10Jan18	Current 21Feb18	Previous 10Jan18	Current 21Feb18	Previous 10Jan18	Current 21Feb18
	%	%	%	%	%	%
5-5.5 years	1.63	1.85	1.63	1.85	1.89	2.16
10-10.5 years	1.89	2.16	1.90	2.17	2.39	2.64
20-20.5 years	2.39	2.64	2.43	2.68	2.86	2.97
35-35.5 years	2.80	2.93	2.85	2.96	2.75	2.85
49.5-50 years	2.89	2.98	2.86	2.95	2.59	2.70

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
	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 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 £528k 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, Lloyds Group, Goldman Sachs and Bank Santander.

- 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.

Investments previously reported as long term will mature within the next 12 months meaning that the Council no longer has any investments with a maturity date of greater than 12 months.

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 073/18

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