

**North East Derbyshire District Council**

**Council**

**31 October 2016**

<b>Treasury Management Update</b>
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**Report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy,  
Finance and Regeneration**

This report is public

**Purpose of the Report**

- To update Council on the treasury management activities for the half year period April to September 2016.

**1 Report Details**

- 1.1 The Council approved the 2016/17 Treasury Management Strategy at its meeting in February 2016. This monitoring report details the treasury management activity during the first half year. Reporting the position is in line with recommended best practice as outlined in the CIPFA Treasury Management Code of Practice.
- 1.2 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash position and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.3 **Appendix 1** of this report, details the treasury management activities that have taken place between April and September 2016, which are in line with the Council's approved strategy.
- 1.4 The Council uses external treasury advisors who provide a range of services which include:
  - Technical support on treasury matters, capital finance issues and the drafting of Member reports;
  - Economic and interest rate analysis;
  - Debt services which includes advice on the timing of borrowing;
  - Debt rescheduling advice surrounding the existing portfolio;
  - Generic investment advice on interest rates, timing and investment instruments;
  - A number of places at training events offered on a regular basis.

- Credit ratings/market information service comprising the three main credit rating agencies.

The current contract for the service came to an end on 30 September 2016. Following a joint procurement exercise with three other local authorities, the new contract was awarded to Arlingclose and took effect from 1 October 2016.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 The report details the treasury management activities for the period April to September 2016 in line with the CIPFA Treasury Management Code of Practice.

## **3 Consultation and Equality Impact**

- 3.1 There are no consultation and equality impact implications from this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 It is considered good practice by the CIPFA Treasury Management Code of Practice that Council receive a half year monitoring report therefore there are no alternative options to consider.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- 5.1.1 These are considered throughout the report.

### **5.2 Legal Implications including Data Protection**

- 5.2.1 Having a Treasury Management Strategy in place complies with the requirements of the Local Government Act 2003 and updated advice and guidance from the Government and CIPFA.

### **5.3 Human Resources Implications**

- 5.3.1 These are covered throughout the report.

## **6 Recommendations**

- 6.1 That Council note the treasury management activities undertaken during the period April to September 2016 as outlined in Appendix 1.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	
<b>District Wards Affected</b>	None directly
<b>Links to Corporate Plan priorities or Policy Framework</b>	Providing Excellent customer focussed services

## 8 Document Information

Appendix No	Title
1	Treasury Management Activity April – September 2016/17
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Dawn Clarke Assistant Director - Finance, Revenues and Benefits	(01246) 217658

# Appendix 1

## Treasury Management Activity April – September 2016/17

### **PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £156,752,775.26 at 1 April 2016. During the first and second quarters of 2016/17 £1,150,374.11 has been repaid so the balance at 30 September 2016 is £155,602,401.15. During the current financial year no new loans have been taken out with the PWLB to date. The profile of the outstanding debt is analysed as follows: -

<b>PWLB Borrowing</b>	<b>Maturity Profile 31 March 2016 £</b>	<b>Maturity Profile 30 September 2016 £</b>
<b>Term</b>		
12 Months	1,301,675.28	151,301.17
1 - 2 years	1,302,360.03	1,302,360.03
2 - 5 years	4,911,036.77	4,911,036.77
5 - 10 years	21,537,868.94	21,537,868.94
10 - 15 years	18,470,163.69	18,470,163.69
Over 15 years	109,229,670.55	109,229,670.55
<b>Total PWLB Debt</b>	<b>156,752,775.26</b>	<b>155,602,401.15</b>

### **PWLB Interest**

The interest cost to the Council of the PWLB debt for 2016/17 is shown in the table below. The cost is split between the HRA and General Fund based on the level of debt outstanding within the CFR.

<b>Date</b>	<b>Amount Paid to PWLB £</b>
Less Accrued Interest re 2015/16	(50,891.81)
19/09/16	39,700.00
22/09/16	108,000.00
23/09/16	55,363.01
28/09/16	2,135,502.20
29/09/16	469,855.04
Plus Accrued Interest re 2016/17	36,354.45
<b>Total Paid</b>	<b>2,793,882.89</b>

### **Temporary Borrowing**

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During the current year to date short term borrowing from the Council's own bank hasn't incurred any interest charges. At the 30 September 2016 the Council had no temporary borrowing.

### Temporary Investments

The tables below detail the short term investments made at various times during the financial year 2016/17: -

<b>Bank Name</b>	<b>B/Fwd 01/04/16 £,000</b>	<b>Amount Invested 2016/17 £,000</b>	<b>Amount Returned 2016/17 £,000</b>	<b>Balance Invested 30/09/16 £,000</b>
Natwest	19	4,001	(4,000)	20
Bank of Scotland	0	0	(0)	0
Santander	21	4,000	(4,000)	21
Federated	3,500	6,009	(6,009)	3,500
Standard Life	0	7,504	(2,504)	5,000
<b>Total</b>	<b>3,540</b>	<b>21,514</b>	<b>(16,513)</b>	<b>8,541</b>

From the table above it can be seen that the balance invested by the Council at 30 September 2016 is £8.541m. Interest earned from temporary investments (included in the amount invested column in the above table) during 2016/17 amounted to £12,747.16 and is detailed in the table below.

Below is a table showing the interest received during 2016/17:-

<b>Bank Name</b>	<b>Amount Received £</b>
Nat West Bank	(243.39)
Bank of Scotland	(0.16)
Santander	(67.36)
Federated	(8,638.02)
Standard Life	(3,798.23)
<b>Total</b>	<b>(12,747.16)</b>

### Overnight Investments

The balance of the daily surplus funds can be placed as overnight investments with the Council's bank which is the Lloyds Bank. The maximum amount invested with the Lloyds Bank in the financial year was £4.938m. There has been no breach of the £5m limit set in the Treasury Management Strategy. The interest earned from daily balances to 30 September 2016 is £3,738.42.

### Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	<b>Actual 2016/17</b>	<b>Set Limits 2016/17</b>
<b>Authorised Limit (total Council external borrowing limit)</b>	<b>168,394,446</b>	<b>179,633,000</b>
<b>Operational Boundary</b>	<b>155,602,401</b>	<b>174,633,000</b>