

CITY OF CARDIFF COUNCIL

CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE:

28 November 2017

TREASURY PERFORMANCE REPORT – POSITION AT 31 OCTOBER 2017

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 9.1

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.

PORTFOLIO: CORPORATE AFFAIRS

Reason for this Report

1. The Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. This report has been prepared to provide Audit Committee Members with performance information and a position statement on Treasury Management as at 31 October 2017.

Background

3. Appendix 1 provides the Committee with position statements on investments and borrowing at 31 October 2017. There is little change for Audit Committee to note since the previous position statement for 31 August 2017 received by Audit Committee in September 2017.

Performance

4. At 31 October 2017, investments total £54.5 million. This includes £12.2 million, which is currently being separately identified for Treasury Management purposes in relation to Grant received by Cardiff Council as accountable body on behalf of the Capital Cardiff Region City Deal. The budgeted level of interest receivable from treasury investments in 2017/18 is £360,000.
5. Borrowing is £671.9 million, with the average rate being 4.72%. The total interest forecast to be payable is projected at £31.9 million for 2017/18, but if borrowing is not undertaken or taken later in the year, then the value of interest expense will be lower.

6. The projected level of internal borrowing at 31 March 2018 is £65 million. This is dependent on capital expenditure in the year as well as the way in which that expenditure is to be paid for.

Investments

7. Pages 2 and 3 of both Performance Reports consider the position on investments. The charts on the Performance Report show the position at a point in time and investments continue to be closely monitored.
8. The current investments list details each investment, the interest rate, the start date and maturity date. They also link this back to the credit criteria approved by Council in February 2017 by a colour coding which indicates the perceived strength of the organisation.
9. The balance of investments is at a point in time and will fluctuate depending on the timing of income and expenditure e.g. payments to suppliers, receipt of grants, capital receipts etc.
10. The charts that surround this table provide additional information and the key areas to highlight are shown below.
 - **Counterparty Exposure** displays actual investment against the maximum permitted directly with an organisation – This demonstrates that we are not exceeding any exposure limits.
 - **Remaining Maturity Profile of Investments.** Maturities of investments have been spread to achieve a balanced profile.
 - **Investments by Institution.** This expresses the investments held with different institutions as a percentage of the total. It can be seen that investments remain diversified over a number of organisations.
 - **Geographic Spread of Investments** as determined by the country of origin of relevant organisations. All countries are rated AA and above as per our approved criteria.
 - **Investments by Financial Sector.** The majority of investments are with banks.

Borrowing

11. Since the August 2017 performance report a £1.5 million interest free loan from WG for town centre regeneration has been included.
12. Whilst interest rates for investments remain low, borrowing will be deferred as this allows short term savings to be made. Current assumptions are that an element of the Council's borrowing requirement would be taken in the last quarter of this financial year

Reason for Report

13. To provide Audit Committee Members with a performance position statement at 31 October 2017.

Legal Implications

14. No direct legal implications arise from this report.

Financial Implications

15. Treasury management activities undertaken by the Council are governed by a range of policies, codes of practice and legislation. This report and appendices indicates the treasury management position at one point in time and makes a number of assumptions in forecasts that will be updated in future reports. The report provides a tool for indicating to Members the treasury position. Future reports will highlight main changes since this report.

RECOMMENDATIONS

16. That the Treasury Performance Report for 31 October 2017 be noted.

**CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
18 November 2017**

The following appendix is attached

Appendix 1 – Cardiff Council Treasury Management Performance Report – 31 October 2017