

**AUDIT COMMITTEE:**

**13 NOVEMBER 2018**

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**TREASURY PERFORMANCE REPORT – POSITION AT 31  
OCTOBER 2018**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: X.X**

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**Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.**

**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 2018.

**Background**

3. Appendix 1 provides the Committee with position statements on investments and borrowing at 31 October 2018.

**Performance**

4. At 31 October 2018, net investments total £52.5 million. The estimated level of interest receivable from treasury investments is £485,000 including interest earned on behalf of other entities. This is compared to a budget of £275,000. The forecast is based on current levels of investments and cash flow forecasts.
5. Borrowing is £694.5 million, with the average rate being 4.62%. The total interest forecast to be payable is £32.2 million compared to a budget of £32.4 million. The variance is due to deferral of the timing of additional external borrowing in 2018/19. Long term borrowing £5.4 million was taken in October and a further £14.6 million proposed to be undertaken before the end of the financial year. Deferring external borrowing and maximising internal borrowing results in short term revenue savings.
6. Based on the above forecasts, the projected level of internal borrowing at 31 March 2019 at Month 6 is £76 million.

## 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 2018 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 last report for August 2018, maturing borrowing of £0.5 million has been repaid and £5.4 million new borrowing has been undertaken. As set out in the Council's Treasury Management Strategy for 2018/19, considered by audit committee and approved by Council in February 2018, further external borrowing is required in 2018/19.
12. The timing and quantum of any new external borrowing will be considered in conjunction with the Council's treasury advisors, having regard to forecasts for interest rates and performance in delivering the capital programme. Updates would be provided in future reports to Committee.

## Reason for Report

13. To provide Audit Committee Members with a performance position statement at 31 October 2018.

## 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 which 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 2018 be noted.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**5 November 2018**

*The following appendix is attached*  
Appendix 1 – Cardiff Council Treasury Management Performance Report – 31  
October 2018