

**CITY OF CARDIFF COUNCIL  
CYNGOR DINAS CAERDYDD**

**AUDIT COMMITTEE:**

**29 NOVEMBER 2016**

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**TREASURY PERFORMANCE REPORT – POSITION AT 31  
OCTOBER 2016**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9.1**

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**Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.**

**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 2016.

**Background**

3. Appendix 1 provides the Committee with position statements on investments and borrowing at 31 October 2016. There is deemed to be little change for Audit Committee to note since the previous position statement for 31 August 2016 received by Audit Committee in September 2016.

**Performance**

4. At 31 October 2016, investments total £84.3 million. The forecast level of interest receivable from treasury investments is £500,000.
5. Borrowing is £674.1 million, with the average rate being 4.80%. The total interest forecast to be payable is £32.4 million as at the Month 6 budget monitoring position. No new PWLB borrowing is currently planned for the remainder of the financial year, however consideration is being given to securing Salix loans towards the circa £4.8 million cost of implementing LED lighting on Principal Roads. Any such loan would be split over two financial years. Based on current capital programme commitments, the estimated level of internal borrowing at 31 March 2017 is £53 million.

## Investments

6. Pages 2 and 3 of the Performance Report 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.
7. 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 2016 by a colour coding which indicates the perceived strength of the organisation.
8. 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.
9. 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

10. There have been no changes to external borrowing since the last performance report.

## Reason for Report

11. To provide Audit Committee Members with a performance position statement at 31 October 2016.

## Legal Implications

12. No direct legal implications arise from this report.

## Financial Implications

13. 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**

14. That the Treasury Performance Report for 31 October 2016 be noted.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**11 November 2016**

*The following appendix is attached*

Appendix 1 – Cardiff Council Treasury Management Performance Report – 31 October 2016

Draft