

**CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD**

AUDIT COMMITTEE:

24 JANUARY 2017

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

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.1

Appendix 1 of this report is not for publication as it contains exempt information of the description in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.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 December 2016.

Background

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

Performance

4. At 31 December 2016, investments total £75.1 million. The forecast level of interest receivable from treasury investments is £0.5 million.
5. Borrowing is £675.3 million, with the average rate being 4.78%. The total interest forecast to be payable is £32.4 million as at the Month 9 budget monitoring position. No new PWLB borrowing is currently planned for the remainder of the financial year. Based on current capital programme commitments, the estimated level of internal borrowing at 31 March 2017 is £52 million.

Investments

6. 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.
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. Since the October 2016 performance report, £1 million of maturing Market loans have been repaid and interest free loans of £2.25 million received to date from WG and SALIX for specific capital projects have been included.

Reason for Report

11. To provide Audit Committee Members with a performance position statement at 31 December 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 December 2016 be noted.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
15 January 2017

The following appendix is attached
Appendix 1 – Cardiff Council Treasury Management Performance Report – 31
December 2016

Draft