

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Recommendations of the Performance and Audit Scrutiny Committee: 29 November 2017 – Mid-Year Treasury Management Performance Report and Investment Activity (1 April – 30 September 2017)	
Report No:	CAB/SE/17/066	
Report to and dates:	Cabinet	5 December 2017
	Council	19 December 2017
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Purpose of report:	<p>On 29 November 2017, the Performance and Audit Scrutiny Committee will receive Report No: TMS/SE/17/004 and Appendix 1 which was scrutinised by the Treasury Management Sub-Committee on 20 November 2017.</p> <p>The report provides information on the Council's Mid-Year Treasury Management Report summarising the investment activities for the period to 30 September 2017.</p>	

Recommendations:	It is <u>RECOMMENDED</u> that, subject to the approval of Council, the Mid-Year Treasury Management Report for 2017-2018, including the change to the Annual Treasury Management and Investment Strategy and associated Code of Practice, attached as Appendix 1 to Report No: TMS/SE/17/004, be approved.		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a full Council decision		
Consultation:	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004 		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report No: TMS/SE/17/004
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: TMS/SE/17/004			
Wards affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Annual Treasury Management and Investment Strategy 2017-2018 (Report No: COU/SE/17/002 refers)	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Mid-Year Monitoring Report 2017-2018 and Investment Activity (April to September 2017)

1.1.1 Following the Treasury Management Sub-Committee's consideration of Report No: TMS/SE/17/004 on 20 November 2017, the Service Manager (Finance and Performance) will verbally report on the Sub-Committee's consideration of the report, which provided a summary of investment activities for the first six months of 2017-2018.

1.1.2 **Mid-Year Monitoring Report 2017/18**

Full details of treasury management activities during the period 1 April to 30 September 2017 are included in **Appendix 1** of Report No: TMS/SE/17/004. Below is a summary of those investment activities:

INTEREST EARNED & AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£126,500	£155,841	+ £29,341
Average Rate of Return	0.55%	0.57%	+0.02%

- The over-achievement of interest earned was primarily due to higher cash balances being available for investment than expected. These increases in balances are due to timing differences in the collection and payment of Council Tax, NNDR and other revenue streams, and underspends relating to the budgeted capital programme.
- As at 30 September 2017 we held £51,200,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
Opening Balance 01 April 2017	46,350,000
Investments made during the year (including transfers to business reserve accounts)	64,250,000
Sub Total	110,600,000
Investments realised during the year (including withdrawals from business reserve accounts)	59,400,000
Closing Balance 30 September 2017	51,200,000

The mid year report also includes a request to revise the 'Red' percentage of portfolio limit from 35% to 50%. This is due to the majority of the banks now having a Sector Colour Code rating of 'Red' (there are no longer any Purple or Blue UK banks and only two Orange UK banks). The maximum investment with any one 'Red' institution will remain at £11m.

1.1.2 The Treasury Management Sub-Committee on 20 November 2017 scrutinised the investment activity from 1 April to 30 September 2017, and the request to revise the "Red" percentage of portfolio limit from 35% to 50%.

1.1.3 The Sub-Committee also discussed the General Fund Reserve held by the Council and questioned whether the amount held was a graduated amount, depending on the size of the authority.

1.2 **Performance and Audit Scrutiny Committee**

1.2.1 The Performance and Audit Scrutiny Committee will consider the report on 29 November 2017, which is after the despatch and publication of this report. Should the Committee amend the recommendations set out in Report No: TMS/SE/17/004, then these will be verbally reported at the Cabinet meeting.