

Joint Executive (Cabinet) Committee



Title of Report:	Recommendations of the Forest Heath Performance and Audit Scrutiny Committee: 28 November 2018 – Mid-Year Treasury Management Report 2018-2019 and Investment Activity (1 April – 30 September 2018)	
Report No:	CAB/JT/18/052	
Report to and dates:	Joint Executive (Cabinet) Committee	11 December 2018
	Forest Heath Council	19 December 2018
Portfolio holder:	Councillor Stephen Edwards FHDC Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: Stephen.edwards@forest-heath.gov.uk	
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Lead officer:	Gregory Stevenson Service Manager (Finance and Performance) Tel: 01284 757264 Email: Gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	The report provides information on the Council's Mid-Year Treasury Management Report summarising the investment activities for the period to 30 September 2018.	

Recommendation:	It is RECOMMENDED that, subject to the approval of Forest Heath District Council, the Mid-Year Treasury Management Report 2018-2019 and Investment Activity (1 April to 30 September 2018) being Report No: PAS/FH/18/040, 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"/>		
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/FH/18/040 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/FH/18/040 		
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: PAS/FH/18/040 	
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: PAS/FH/18/040 	
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: PAS/FH/18/040 	
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: PAS/FH/18/040 	
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: PAS/FH/18/040 	
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)
	Low/Medium/ High*		Low/Medium/ High*
See Report No: PAS/FH/18/040			
Ward(s) 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 – 2018/19 (COU/FH/18/003)	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

1.1 Mid-Year Monitoring Report 2018-2019 and Investment Activity (April to September 2018)

- 1.1.1 The total amount invested at 1 April 2018 was £16.005m and at 30 September 2018, £19.800m. The increase in balances over the period was due primarily to timing differences in respect of the collection of local taxes, the payment of precepts and changes in the profile of the Capital Programme.
 - 1.1.2 The 2018/19 Annual Treasury Management and Investment Strategy (Report PAS/FH/18/009) sets out the Council's projections for the current financial year. The budget for investment income in 2018/19 was £224,000, which was based on a 0.75% target average rate of return on investments.
 - 1.1.3 As at the end of September 2018, interest actually earned during the first six months of the financial year amounted to £62,722 (average rate of return of 0.676%) against a profiled budget for the period of £112,000; a budgetary deficit of £49,278. The budgetary deficit was due to lower cash balances as a result of re-phasing of some income generating projects. These projects were budgeted to be funded through external borrowing which would have temporarily boosted the cash balances and resultant interest. In addition, investments were made on a shorter term basis for liquidity resulting in lower yields.
 - 1.1.4 The report also included assumptions on borrowing for capital projects included within it. The borrowing was based around seven specific projects as per their agreed business cases. The report included a summary of capital borrowing budget 2018-2019, and a summary of capital borrowing for quarter two. As at the end of quarter two, there had been no requirement to borrow externally over and above the £4.0m Barclays loan. Therefore the only interest payable for quarter two was the £169,000 relating to this.
- ### **1.2 Performance and Audit Scrutiny Committee**
- 1.2.1 The Performance and Audit Scrutiny Committee considered the report and has put forward a recommendation as set out on page two of this report.