



<b>Subject:</b>	Mid - Year Treasury Management Report 2016/17
<b>Date:</b>	16 December 2016
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Performance
<b>Contact Officer:</b>	Mark McBride, Head of Finance and Performance

<b>Is this report restricted?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	This report presents the half year treasury management position for the Council as at the end of September, 2016/17.
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked to; <ul style="list-style-type: none"><li>Note the report.</li></ul>
<b>3.0</b>	<b>Main report</b>
3.1	<b>Local Government Finance Act (NI) 2011</b> The Local Government Finance Act (NI) 2011, and the supporting Prudential and Treasury Codes introduced a new capital financing system and legislative framework within which the Council manages its finances.
3.2	The Council's Treasury Management policy, developed in response to the new legislative framework, states that the Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy, a mid-year review and an annual report after the close of the financial year.  This report represents the mid-year review as required by the policy and is structured to

3.3 highlight key changes to the Council's capital activity and the actual and proposed treasury management activity.

#### **Prudential Indicators**

3.3 The Local Government Finance Act (NI) 2011 and CIPFA's Prudential Code require the Council to set and monitor a series of Prudential Indicators (PIs). The key objective of which is to ensure that, within a clear framework, the capital investment plans of the Council are affordable, prudent and sustainable.

#### **Capital Expenditure Prudential Indicator:**

3.4

	<b>Original</b>	<b>Revised</b>
<b>Indicator</b>	<b>£'000</b>	<b>£'000</b>
Estimates of Capital Expenditure 2016/17	48,529	51,797

The original estimate reflects the capital budgets that were approved by the Council on 22 March 2016, whilst the revised estimate reflects the capital expenditure that is forecast to be spent by 31 March 2017. The increase in the forecast for this year is mainly due to the re-profiling of the capital programme. As the overall total has not changed this does not affect the financing of the capital programme.

#### **Other Prudential Indicators**

3.5

	<b>Original Estimate</b>	<b>Current Estimate</b>
<b>Indicator</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement (CFR)	110,727	114,825
Borrowing Within CFR	yes	yes

As can be seen above the CFR estimate has increased. This is due to the increase in the revised estimate of capital expenditure in the current year's capital programme. The Council is forecast to remain within the Authorised Borrowing Limit, and the CFR indicates that over the medium term borrowings will only be for a capital purpose.

#### **Treasury Management**

3.6	<p>The Council's Treasury Management Policy and Strategy adopt the key principles of CIPFA's Code of Practice and have taken account of the guidance issued by the Department of The Environment on Local Government Investments.</p>
3.7	<p><b>Debt Activity:</b> During the first half of 2016/17 the Council has taken advantage of internal borrowing, i.e. cash surpluses, to fund capital expenditure.</p>
3.8	<p>In addition, loan principal repayments of £1,573,854 have been made during the same period.</p>
3.9	<p>The level of external borrowings at 30 September 2016 is £33,188,655.</p>
3.10	<p><b>Investment Strategy 2016-17:</b> The primary objective of the Council's investment strategy is to safeguard the repayment of the principal and interest of its investments on time. Investment return being a secondary objective.</p>
3.11	<p>The current investment climate is one of overriding risk consideration, particularly that of counterparty risk. As a result, officers continue to implement an operational investment strategy which maintains investments short term with high quality counterparties.</p>
3.12	<p>The Council has earned £66,486.63 in interest in the period from 1 April to 30 September 2016.</p>
3.13	<p>During this period the Council has placed deposits with Bank of Scotland, Santander UK, HSBC and Barclays. All four institutions meet the council's approval criteria.</p>
3.14	<p>The Council's limit for total principal sums invested for periods longer than 364 days is £2,000,000. As at 30 September 2016, the Council has not made any investments which are for periods longer than 364 days.</p>
3.15	<p><b>Other Treasury Management Indicators:</b> Two other Treasury Management indicators were set at the start of the year as follows: -</p> <ul style="list-style-type: none"> <li>- Upper Limits for Fixed and Variable Rate Borrowing</li> <li>- Limits on the Maturity of Fixed Rate Borrowing</li> </ul> <p>Officers can confirm that the limits set have not been breached and no changes to the current limits are required.</p>

<p>3.16</p> <p>3.17</p> <p>3.18</p> <p>3.19</p> <p>3.20</p>	<p><b>Bank Tender</b></p> <p>Approval was sought through SP&amp;R Committee on 24<sup>th</sup> June 2016 to seek tenders for the provision of banking and merchant services with a contract period of three years and the option to renew for two further periods of one year. Following a tender process the contract has been awarded under delegated authority to the Barclays, who are the Council's current bankers.</p> <p>The contract shall be for a period of three years with the option to renew for two further periods of one year.</p> <p><u>Financial &amp; Resource Implications</u></p> <p>All finance implications are dealt with in the report</p> <p><u>Equality or Good Relations Implications</u></p> <p>There are no equality or good relations implications associated with this report.</p>
<p><b>4.0</b></p>	<p><b>Appendices – Documents Attached</b></p>
<p>4.1</p>	<p>None</p>