

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                   **TUESDAY, 21 JANUARY 2014**

**REPORT BY:**           **HEAD OF FINANCE**

**SUBJECT:**               **TREASURY MANAGEMENT MID YEAR REPORT**  
**2013/14**

**1.00**   **PURPOSE OF REPORT**

1.01    To present to Members the draft Treasury Management Mid Year Report for 2013/14 for recommendation to Council.

**2.00**   **BACKGROUND**

2.01    The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Head of Finance, who acts in accordance with the Council's Policy Statement and Treasury Management Practices.

2.02    The Council has nominated the Audit Committee to be responsible for ensuring the effective scrutiny of the Treasury Management Strategy and Policies.

2.03    On 1<sup>st</sup> March 2013, the Council approved the Treasury Management Policy Statement 2013-2016, Treasury Management Strategy 2013/14 and Treasury Management Practices 2013-16, following the recommendation of the Cabinet and consideration by the Audit Committee.

**3.00**   **CONSIDERATIONS**

3.01    The draft Treasury Management Mid Year Report for 2013/14 is attached as Appendix 1 for review.

3.02    Treasury Management updates have been provided to the Audit Committee at each quarterly meeting so far during 2013/14 and the Audit Committee also received this Mid Year update on 18<sup>th</sup> December 2013.

3.03    The Audit Committee resolved as follows:-

- That the report be noted.

- The Treasury Management Mid Year Report 2013/14 be presented to Cabinet on 21<sup>st</sup> January 2014.

3.04 In summary, the key points of the Mid Year Report are:

- Performance during the period was broadly in line with the expectations of the TM Strategy 2013/14.
- There are early signs that the recovery of the UK economy is gaining momentum with increased growth but this is against a backdrop of historically low interest rates and a number of global factors with the potential to impact on the recovery as outlined in the economic update in section 3 of report.
- No new borrowing has been undertaken so far during 2013/14, therefore total long term borrowing stands at £172.1m with associated interest costs of £3.506m paid during the 6 month period at an average interest rate of 5.42% as expected.
- Investments in general were made with UK banks and building societies up to periods of 12 months. When appropriate, suitable longer term investments will be made. The average rate of return was 0.6% generating investment income of £0.201m which is broadly in line with budget.
- AAA rated Money Market Funds continue to be utilised. As at 30<sup>th</sup> September 2013, £14.6m was invested across 3 separate funds.
- The treasury function operated within the limits detailed in the Treasury Management Strategy 2013/14 with one exception; an investment made in early April exceeded the limit with the particular counterparty. The error was identified promptly and immediate action taken to reduce the total invested in accordance with the policy limit. Internal controls have been improved to ensure that such a procedural error will not happen again. Further details in paragraph 7.03 of the Mid Year Report.

#### **4.00 RECOMMENDATIONS**

4.01 That the Cabinet approves and recommends to the Council the Treasury Management Mid Year Report 2013/14.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 As set out in the Mid Year Report.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Arlingclose Ltd as Treasury Management Advisers.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Arlingclose Ltd as Treasury Management Advisers.

**12.00 APPENDICES**

12.01 Appendix 1 – Draft Treasury Management Mid Year Report 2013/14.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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