

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **TUESDAY, 28 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 Council the Treasury Management Mid Year Report for 2013/14 for approval.

2.00 BACKGROUND

2.01 The Mid Year Report reviews the activity and performance of the treasury management operations during the period 1st April to 30th September 2013 and compares them with the Treasury Management Policy Statement.

2.02 This report was presented to Cabinet on 21st January 2014 and any comments made will be reported verbally. This followed the recommendation of the Audit Committee which considered the report in detail.

3.00 CONSIDERATIONS

3.01 The Treasury Management Mid Year Report 2013/14 is attached as appendix 1. 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 30th 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 Council approves 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 - Treasury Management Mid Year Report 2013/14.

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

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