

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 20 JANUARY 2015**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **TREASURY MANAGEMENT MID-YEAR REPORT
2014/15**

1.00 PURPOSE OF REPORT

1.01 To present to Members the draft Treasury Management Mid Year Report for 2014/15 for recommendation to Council.

2.00 BACKGROUND

2.01 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Audit Committee has previously agreed to include Treasury Management (TM) as a standing item on each quarterly agenda to receive an update.

2.02 On 1st March 2013, the Council approved the Treasury Management Policy Statement 2013-2016 and Treasury Management Practices 2013-2016, following the recommendation of the Cabinet and consideration by the Audit Committee.

2.03 On 18th February 2014 the Council approved the Treasury Management Strategy 2014/15, following the recommendation of the Cabinet and consideration by the Audit Committee.

3.00 CONSIDERATIONS

Treasury Management Mid Year Report 2014/15

3.01 The draft Treasury Management Mid Year Report for 2014/15 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 2014/15 and the Audit Committee also received this Mid Year update on 10th December 2014.

3.03 The Audit Committee resolved as follows:-

- (a) that the report be noted
- (b) the Treasury Management Mid Year Report 2014/15 be

presented to Cabinet on 20th January 2015.

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

- Performance during the period marginally exceeded the expectations of the TM Strategy 2014/15.
- The UK economy saw stronger economic growth during the first half of the year with falling unemployment but this is against a backdrop of historically low interest rates, low inflation and depressed wages. A number of global factors exist which have the potential to impact on the continued recovery as outlined in the economic update in section 3 of the report.
- No new borrowing has been undertaken so far during 2014/15, therefore total long term borrowing stands at £172.1m with associated interest costs of £3.553m paid during the 6 month period at an average interest rate of 5.42% as expected.
- Preparations are being made for the abolition of the Housing Revenue Account Subsidy (HRAS) system in Wales and the introduction of 'Self Financing' for the Housing Revenue Account, which will have an impact on the Council's level of debt. Section 4 of the report provides further information.
- 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 0.54% generating investment income of £0.170m which is £46k more than that budgeted.
- AAA rated Money Market Funds continue to be utilised. As at 30th September 2014, £20.3m was invested across 4 separate funds.
- The treasury function operated within the limits detailed in the Treasury Management Strategy 2014/15.

4.00 RECOMMENDATIONS

4.01 That the Cabinet approves and recommends to the Council the Treasury Management Mid Year Report 2014/15.

5.00 FINANCIAL IMPLICATIONS

5.01 As set out in the 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

11.00 CONSULTATION UNDERTAKEN

11.01 Arlingclose Ltd

12.00 APPENDICES

12.01 Draft Treasury Management Mid Year Report 2014/15

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

None.

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