

Eden District Council
Executive
7 July 2015
Scrutiny Co-ordinating Board
10 September 2015
Treasury Management Annual Report 2014-2015
Report of the Director of Finance

1. Purpose of Report

- 1.1 The Treasury Management Practices adopted by the Council require an Annual Report of the activities for each financial year to be considered by Members by 30 September of the following year. The Treasury Management Annual Report compares the 2014-2015 treasury activities with the Strategy presented to Council in February 2014.

2. Recommendation

Members are asked to note this report.
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3. Borrowing

- 3.1 Borrowing to fund the extension of Bluebell Lane car park was approved by Council in 2008-2009. The borrowing took place in 2009-2010. As at 31 March 2015, this was the only Council borrowing.

4. Investments

- 4.1 All investments were managed internally during the year.

4.2 Investments (Cash Deposits): Managed In-House

4.2.1 Level

Investments managed in-house moved as follows:

	£	
As at 1 April 2014	8,928,684.25	Appendix 1
Made in Period	77,284,467.26	As previously reported to Scrutiny Co-ordinating Board
Repaid in Period	-74,625,035.36	As previously reported to Scrutiny Co-ordinating Board
As at 31 March 2015	<u>11,588,116.15</u>	Appendix 2

The maximum managed at any one time was £17,160,854.96, previous year £17,847,402.84.

4.3. Property Fund

4.3.1 Level

Investment in a property fund was agreed by Council at its meeting on 20 February 2014 (report F4/14). The Property Fund is managed externally by CCLA:

	£
As at 1 April 2014	1,929,883.53
Appreciation in Fund	196,513.73
As at 31 March 2015	<u>2,126,397.25</u>

Note: Rental income of £116,873 was received for the year 2014/2015. This is included at section 7.2 below.

5. Compliance with the Treasury Management Policy Statement

- 5.1 The Treasury Management Policy Statement sets down the criteria for lending to counter-parties. Different criteria are applied to the in-house and external management of funds. The relevant criteria were complied with during the year.

6. Compliance with the Prudential Code

- 6.1 On 21 February 2013, Council approved a suite of Prudential Indicators for 2012-2016. The Council has complied with these during the year. The other indicators link affordability of the Capital Programme to revenue finance.

7. Performance and Interest/Rentals Received

7.1 Comparison Against Performance Target (Excluding the CCLA Property Fund)

Actual return rate for period*	0.66%
Target return (seven day rate)*	0.45%

*Expressed on an annualised basis.

The return from the Property Fund for 2014-2015 is the annualised equivalent of 5.5%.

Performance is above the benchmark as the Council was able to achieve higher rates than the target rate.

7.2 Comparison Against Budget (Including the Property Fund)

The interest/rental outturn for the year was as follows:

	In-House £
Budget : Original	96,540
: Revised	191,630
Actual	213,738

Actual receipts were close to the revised budget: actual was higher than the revised budget due to the receipts in the property fund for the final month of the year.

8. Continuing Impact of the Global Financial Crisis

8.1 The two main consequences of the financial crisis remain:

- interest returns on cash deposits continue to be very low and are likely to remain so for the foreseeable future. Securing a better return was the key reason the Council chose to invest in a property fund;
- local authorities have adopted very conservative lending lists comprised almost exclusively of UK high street banks.

9. Policy Framework

9.1 The Council has four corporate priorities which are:

- Decent Homes for All
- Strong Economy, Rich Environment
- Thriving Communities
- Quality Council

10. Implications

10.1 Legal

10.1.1 There are no implications.

10.2 Financial

10.2.1 Any decision to reduce or increase resources must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019 as agreed at Council on 16 April 2015.

10.2.2 There are no proposals in this report that would reduce or increase resources.

10.3 Equality and Diversity

10.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

10.3.2 There are no implications.

10.4 Environmental

10.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.

10.4.2 There are no implications.

10.5 Crime and Disorder

10.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

10.5.2 There are no implications.

10.6 **Children**

10.6.1 Under the Children Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

10.6.2 There are no implications.

10.7 **Risk Management Implications**

10.7.1 Risk Management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

10.7.2 The Council's Treasury Management Policy Statement is central to how the Council arranges the risks associated with Treasury Management. It seeks to set the appropriate balance between higher risks and higher returns.

D J Rawsthorn
Director of Finance

Governance Checks:

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

Background Papers:

Financial Services' files
Monitoring Report: F34/14, 24 April 2014

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Eden District Council Loans and Investments as at 1 April 2014

Loans			£	%	Term
	07/05/2009	Public Works Loan Board	302,500.00	2.75000%	EIP 10 years
Deal Number	Date Loan Made	Investments (Cash Deposits)	£	%	Maturity
N/A	Various	Ignis (MMF*)	824,680.00	0.43000%	Call
N/A	Various	National Westminster Bank Instant Access Account	562.42	0.50000%	Call
N/A	Various	Svenska Handelsbanken	2,403,441.83	0.55000%	Call
1314/07	15/04/2013	Barclays Bank	1,200,000.00	0.87000%	15/04/2014
1314/56	18/10/2013	Lloyds Bank	1,000,000.00	0.75000%	22/04/2014
1314/63	20/11/2013	Lloyds Bank	1,000,000.00	0.75000%	20/05/2014
1314/64	20/11/2013	Bank of Scotland	1,000,000.00	0.75000%	20/05/2014
1314/33	01/07/2013	Barclays Bank	1,000,000.00	0.87000%	01/07/2014
1314/70	19/12/2013	Standard Charter Bank CD	500,000.00	0.67000%	19/12/2014
			8,928,684.25		
Long Term Investments					
1314/84	28/02/2014	CCLA - LA Property Fund bought 781,677 shares	1,929,883.53		28/02/2019
			<u>10,858,567.78</u>		

*MMF is an abbreviation for Money Market Fund. MMFs are triple 'A' rated and are pooled funds that invest in short term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high quality portfolio than they otherwise could individually. The principle objectives are preservation of capital, very high liquidity, and competitive returns commensurate with security and liquidity.

EDEN DISTRICT COUNCIL - INVESTMENTS AND LOANS AS AT 31 March 2015							
				Loans from	£	%	Term
	07/05/2009			Public Works Loan Board	247,500.00	2.75000%	EIP 10 years
Deal No	Date Loan Made	Direct / Broker		Borrower	£	%	Maturity
				Investments made Direct			
N/A	Various	Direct	Call	Federated Investors Capital Management (MMF)	331,000.00	0.45000%	Call
N/A	Various	Direct	Call	Ignis (MMF)	1,695,000.00	0.47000%	Call
N/A	Various	Direct	Call	Santander Instant Access Account	62,211.94	0.40000%	Call
N/A	Various	Direct	Call	Svenska Handelsbanken	904.21	0.35000%	Call
N/A	Various	Direct	Call	Svenska Handelsbanken	1,999,000.00	0.45000%	35 DN
1415/007	15/04/2014	Direct	Fixed	Barclays Bank	1,000,000.00	0.86000%	15/04/2015
1415/010	22/04/2014	Direct	Fixed	Nationwide	1,000,000.00	0.81000%	22/04/2015
1415/020	20/05/2014	Direct	Fixed	Lloyds Bank	1,000,000.00	0.95000%	20/05/2015
1415/021	20/05/2014	Direct	Fixed	Bank of Scotland	1,000,000.00	0.95000%	20/05/2015
1415/092	27/03/2015	King & Shaxson	<3mnths	National Counties Building Society	500,000.00	0.53000%	26/06/2015
1415/030	01/07/2014	Direct	Fixed	Barclays Bank	1,000,000.00	0.97000%	01/07/2015
1415/091	23/03/2015	King & Shaxson	Fixed	Standard Charter Bank CDs	2,000,000.00	0.67000%	23/09/2015
				Cash Deposits	11,588,116.15		
1314/84	28/02/2014	Direct	Long Term	CCLA - LAMIT Property Fund, bought 781,677 shares	2,126,397.25		28/02/2019
					13,714,513.40		

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