

Appendix C – Treasury Management

1. Borrowing

As at 31st December 2013 the Council's total borrowing was £311.1m. Of this amount, £297.6m was with the Public Works Loan Board (PWLB), £13.5m was Market Debt.

The Council is expecting its total borrowing to fall to £308m by the end of the financial year compared to £315.5m at the beginning of the year, which will result from repaying £7.5m in maturing debt

The table below shows the split between the General fund and HRA.

	PWLB Fixed £m	PWLB Variable £m	Market (LOBO) £m	Total £m
General Fund	97.0	35.6	13.5	146.1
HRA	120.0	45.0	0.0	165.0
TOTAL	217.0	80.6	13.5	311.1

The profile of debt is split so that overall the authority has 70% Fixed PWLB debt, 26.0%, Variable PWLB debt and 4% Fixed Market debt this is shown in A1 on the Treasury Management Performance Dashboard.

2. Investments and Deposits

When investing, the Council's main priorities remain security and liquidity, before yield. To diversify its Investment portfolio the Council is continuing to invest in a range of funds such as fixed deposits, call accounts and Money Market Funds as well as using a number of different institutions. B1 of the Treasury management Performance dashboard shows the breakdown of investment by institution as at 31st December 2013

The Council continues to keep investment fairly liquid, the two main reasons for this are that firstly it has the option to withdraw funds fairly quickly when required, and secondly so cash balances can be used to fund the capital expenditure programme.

B3 of the dashboard shows the maturity portfolio of the Council's investments

As at the 31st December 2013, the Council had £8.4m of its internal investments, in call accounts and Money Market Funds (MMF) which equates to 20.6%, (compared to 63.4% this time last year), the main reason for the reduction is that the actual return payable in these accounts has fallen significantly (in some cases by more than half) so the Council has made the decision to hold money in notice accounts and varying fixed term deposits so that it has access to money throughout the year. As reported last quarter this has led to the council funding short term dips in the cash flow by short term borrowing. Currently the Council has deposits placed on varying interest rate between 0.58% and 0.9%.

At the time of righting this report the authority had not received its benchmarking results for quarter three so B2 of the dashboard shows how the authority average rate of return on investments compares to others benchmarked authorities as at 30th September 2013.

3. Cash Management

Daily cash movements have ranged between net payments of £13.5m and net income of £13m, over the first half of the year.

Cash held by the Council has fallen by £27.5m year on year. As at 30th September 2013 the average balance the Council holds is considerably lower than other benchmarked authorities. The average for the Council was £74.6m compared to a benchmark average of £147.2m.

The Council's deposits and investments represent cash held for both the HRA and the general fund. Cash balances are expected to fall considerably over the next quarter, reflecting the seasonal pattern of the income to spend ratio. Currently the council is expecting investments to fall to £14.8m by 31st March 2014 which is made up of £4.8m in long term investments (the Lime Fund) and £10m in internal short term investments. Cash is expected to fall to around £5m which will be dependent on cash inflow and capital expenditure.

4. Outlook

The UK Bank Base Rate is not expected to rise until 2015/2016 and the short-term rate of return on investments and deposits will remain at very low levels.

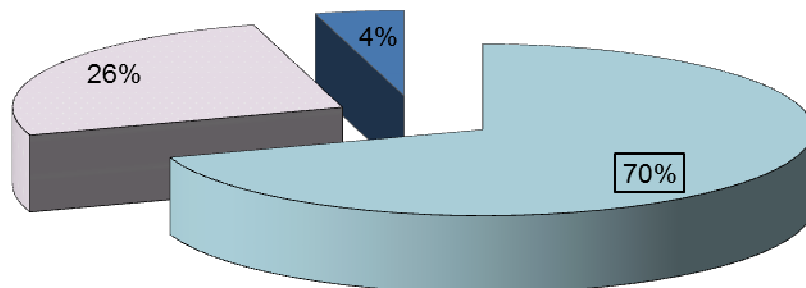
Over the next quarter the Council plans to continue to use cash flow balances in lieu of borrowing to fund capital expenditure, and to fund small dips in cash flow by borrowing short term.

Currently the Council expects to make a saving of £300k in interest debt costs compared to budget which has been reflected in the forecast and to meet the budget for interest income.

5. Treasury Management Performance Dashboard

A1

Analysis of Borrowing Type as at 31st December 2013 - Total £311.1m



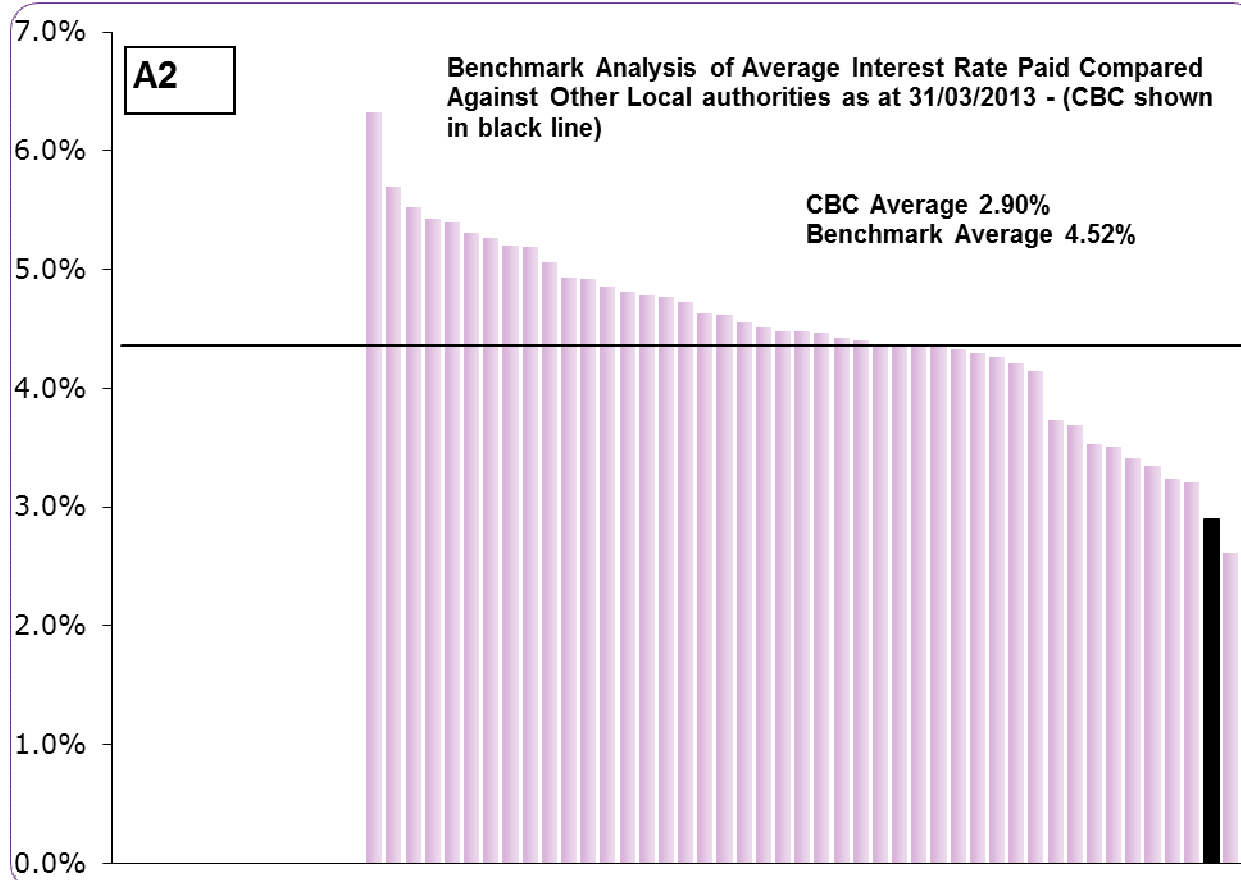
■ PWLB Fixed Borrowing	£217m
■ PWLB Variable Borrowing	£80.6m
■ Market Borrowing	£5m
	£13.5m

Authorised Limits

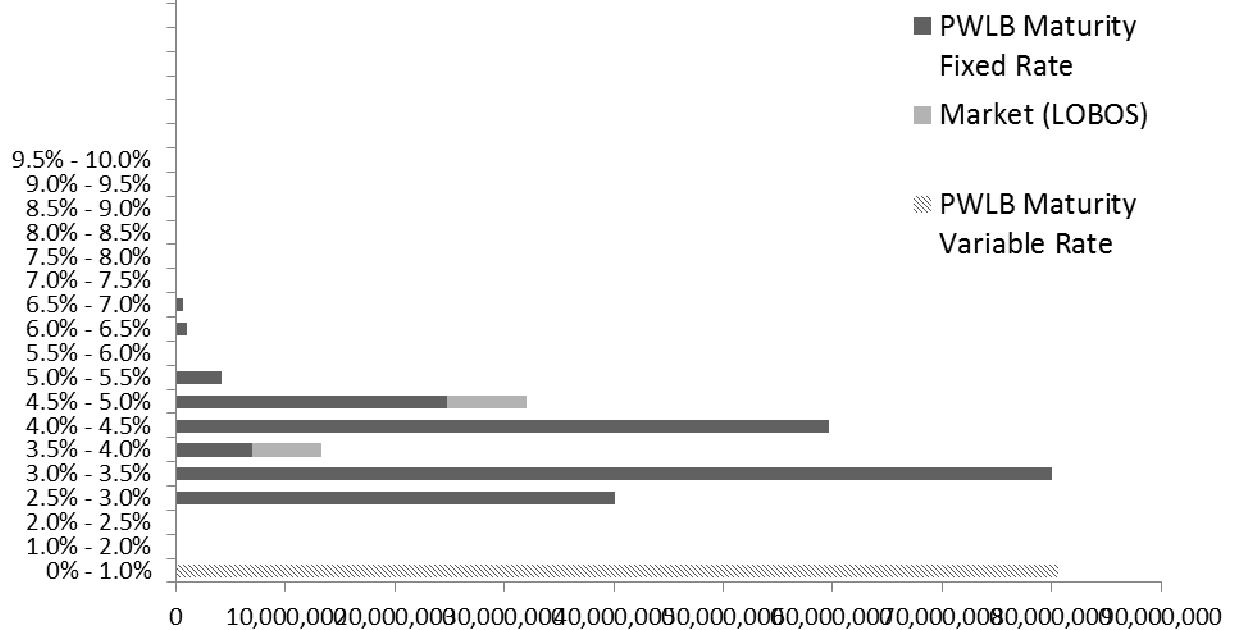
- Fixed Rated Borrowing 100%
- Variable Rated Borrowing 35%

A2

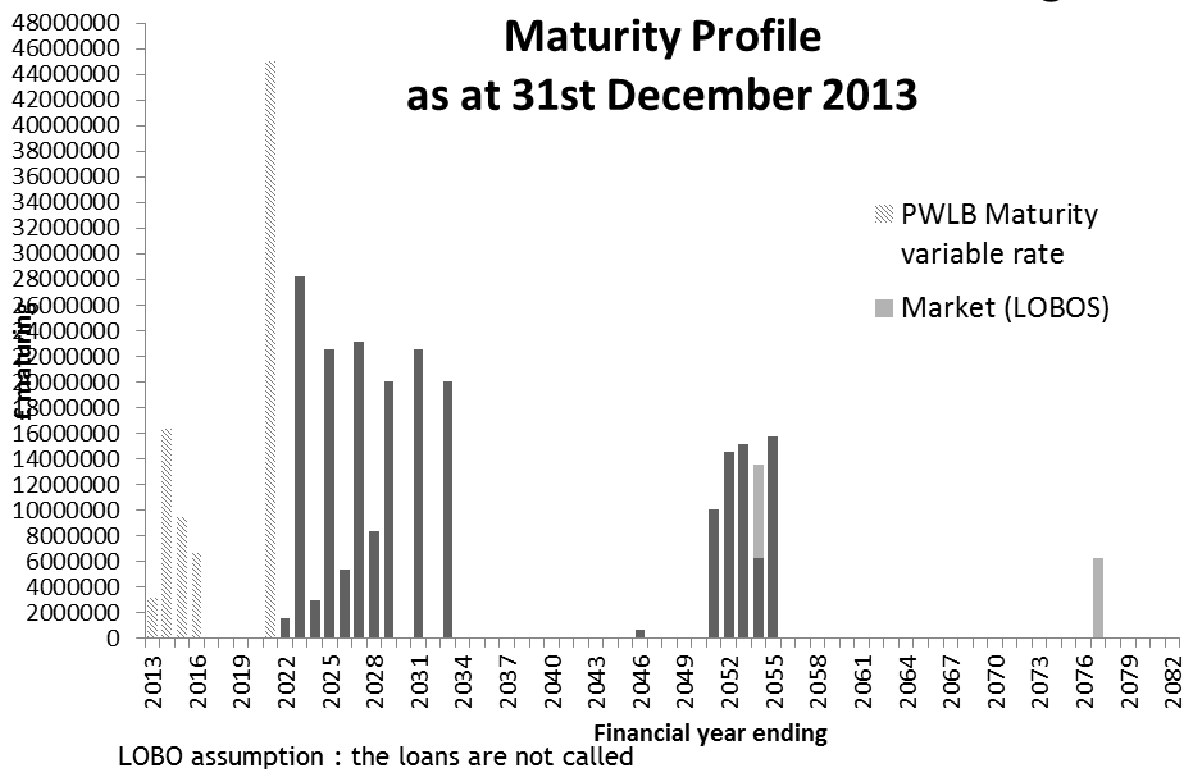
Benchmark Analysis of Average Interest Rate Paid Compared Against Other Local authorities as at 31/03/2013 - (CBC shown in black line)



A3 Analysis to show Interest Rate Profile on Debt (Average 2.9%)

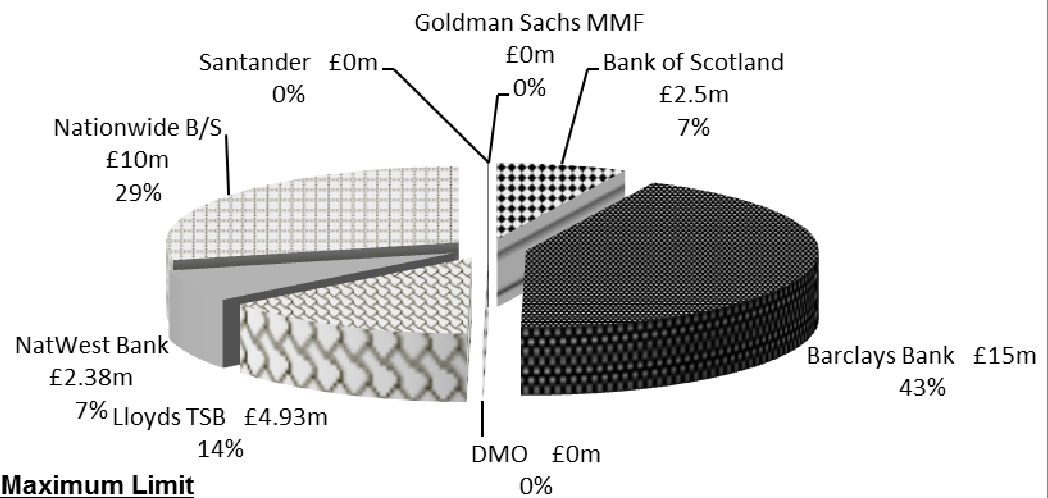


A4 Central Bedfordshire Council: Borrowing Maturity Profile as at 31st December 2013



B1

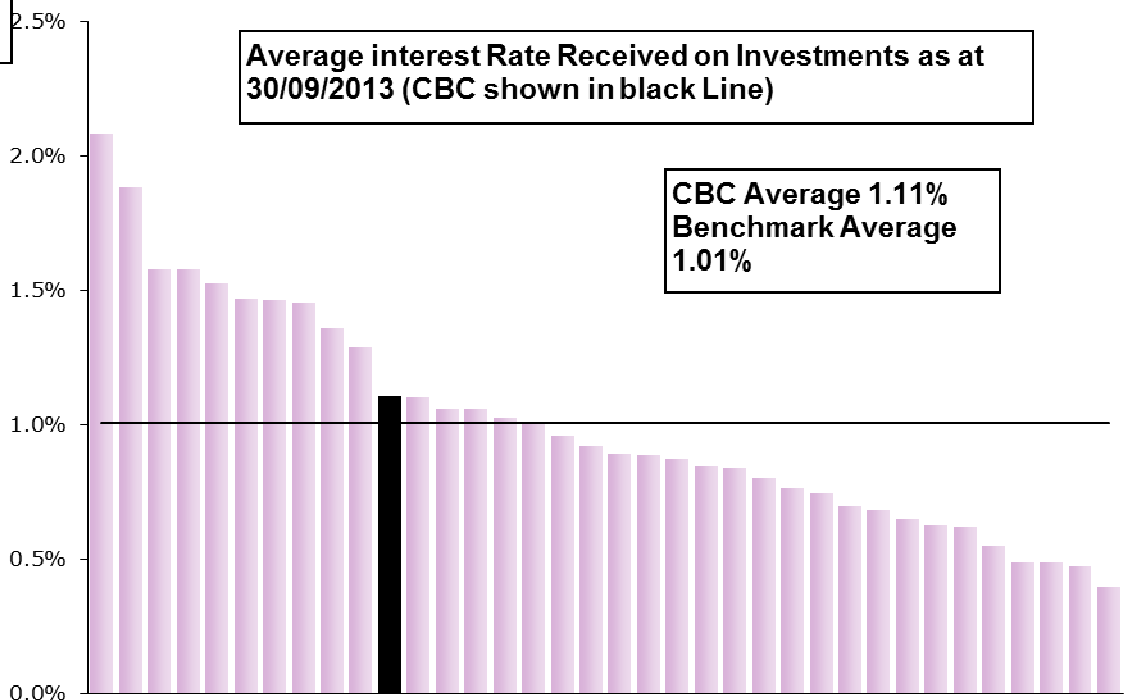
Analysis of Investments as at 31st December 2013 - Total Investments £45.6m



Authorised Maximum Limit

- National Westminster £25m
- Other Banks £15m
- Lime Fund £10m

B2



B3

Maturity Profile of internal Investments as at 31st December 2013

