

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Interim S151 Chief Finance Officer – Suzanne Jones

To: Governance and Audit Committee - 15 September 2016

Author: Ken Trotter – Chief Accountant (Deputy s151 Officer)

Subject: Treasury Management Activity August / September 2016

Purpose: To consider Treasury Management activity following a change in policy.

Recommendation:

That the Governance and Audit Committee scrutinises this Treasury Management update, and reports status to Council.

1.0 Background

- 1.1 Council approved an interim change to the Treasury management policy on 27 July 2016.
- 1.2 As funds are returned from counter parties no new medium (6 months) or long (12 months) term investments are being actioned. Liquidity is being maintained in a secure environment as investment plans are being formulated.
- 1.3 Regular updates will be issued to the Governance & Audit Committee to ensure members are fully informed on status & progress.

2.0 Introduction

- 2.1 This report summarises the cash flow movements since the change in policy and highlights cash balances as at the date of the report.
- 2.2 The counter party limits have been reviewed and an increase in the CCLA money market maximum investment to £10m has been authorised by the s151 Officer
- 2.3 No other changes to limits have been actioned in the period however due to a sharp reduction in investment return the majority of the funds lodged with Svenska Handelsbanken were withdrawn and placed in the money market.

3.0 OPTIONS

- 3.1 There are no alternative options presented.

4.0 REASONS FOR RECOMMENDATION

- 4.1 To comply with the interim treasury management policy approved by Council.

5.0 EXPECTED BENEFITS

- 5.1 To continue best practise in respect of keeping members informed on financial matters.

6.0 IMPLICATIONS

6.1 Financial

6.1.1 The Bank of England monetary policy committee reduced the bank base rate to 0.25% on 4 August 2016.

6.1.2 Instant access account movements in the period to 5 September 2016

Account	Movement	Amount £
National Westminster Bank	Deposit	4,980,000
CCLA Money Market Fund	Deposit	5,000,000
Svenska Handelsbanken	Withdrawal	(4,970,000)
	Net Change	5,010,000

6.1.3 Investments made in the period to 5 September 2016.

Financial Institution	Amount £'000	Start Date	Maturity Date	Rate/ Return %
UK Debt Management Office	4,000	29/07/16	05/08/16	0.25%
Coventry Building Society	2,000	10/08/16	12/09/16	0.20%
Coventry Building Society	3,000	15/08/16	15/09/16	0.20%

6.1.2 Investments held at 5 September 2016:

Financial Institution	Amount £'000	Maturity Date	Rate/ Return %
Current Account – Lloyds Bank	3,400	n/a	0.40%
CCLA Money Market Fund	10,000	n/a	0.31%
Svenska Handelsbanken	3	n/a	0.22%
National Westminster Bank	4,982	n/a	0.25%
Coventry Building Society	2,000	12/09/16	0.20%
Coventry Building Society	3,000	15/09/16	0.20%
Nationwide Building Society	3,000	30/09/16	0.70%
Lloyds (s106 deposit)	248	30/09/16	0.18%
Nationwide Building Society	1,000	14/10/16	0.71%
Toronto Dominion Bank	4,000	01/12/16	0.92%
Lloyds	1,000	09/12/16	0.80%
Helaba Bank	3,000	13/01/17	1.00%
Helaba Bank	2,000	28/02/17	0.95%
Qatar National Bank	1,000	12/04/17	1.01%
Commonwealth Bank of Australia	2,500	02/06/17	0.985%
TOTAL	41,133		

The Council's investment policy has regard to the CLG's Guidance on Local Government

6.1.3 The investment priorities of the Council continue to be security first, liquidity second, then return.

7.0 **WARDS/COMMUNITIES AFFECTED**

7.1 Due to budgetary considerations all wards are affected

8.0 **ACRONYMS**

8.1 CPBS – Compass Point Business Services

8.2 CCLA – Churches Charities & Local Government

Background papers: - SHDC Treasury Management Strategy Statement 2015/16

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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report: None