

MID YEAR TREASURY MANAGEMENT MONITORING REPORT

1. Capital Financing Requirement (CFR), External Debt and Operational Boundary

The CFR and Operational Boundary estimates are shown below:

Prudential Indicator	Opening Position 2012/13	Current Position	Forecast end of year
Capital Financing Requirement	£3m	£3m	£3m
External Debt / The Operational Boundary			
Long Term Borrowing	£10m	£0m	£0m
Short Term Borrowing	£3m	£0m	£0m

Limits to Borrowing Activity

The first key control over the treasury activity is a Prudential Indicator (PI) to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. As the Council is currently debt free, this control will always be met.

2. The Authorised Limit

This PI, which is required to be set and revised by Members, controls the overall level of borrowing and represents the limit beyond which borrowing is prohibited. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit For External Debt	2012/13 Original Indicator	Current Borrowing Position	2012/13 Revised Indicator
Long & Short Term Borrowing	£13m	£0m	£13m

3. Interest Rate Movements and Expectations

The information relating to the interest rate movements and future expectations is shown within the Treasury Management Strategy Statement 2013/14 – 2015/16.

4. Current Investment Position

This information is reported in the Members Information Bulletins. The Council held £33.9m of investments at 30 September 2012 and the list of investments and counterparties is shown below:

Sector	Country	Up To One Year
Banks	UK	£23.9m
Building Societies	UK	£10.0m

List of Investments as at 30 September 2012:

Counterparty	Principal £
Clydesdale BS	3,000,000
Nat West Bank	9,000,000
Co-Operative Bank	2,900,000
Nationwide BS	2,000,000
Barclays Bank	3,000,000
Lloyds TSB Bank	3,000,000
Deutsche Bank	3,000,000
Skipton BS	2,000,000
Leeds BS	2,000,000
Yorkshire BS	2,000,000
Coventry BS	2,000,000
Total	33,900,000

The Council has no sums invested for greater than 364 days.

The revised budget position for investment income, on an accruals basis, is:

Investment Income	2012/13 Original Estimate	2012/13 Half Year Estimate	2012/13 Full Year Estimate
Interest Receivable	£0.325m	£0.325m	£0.325m

The following reports the current position against the benchmarks originally approved.

5. Security

The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, was set as follows:

0.01% Historic risk of default when compared to the whole portfolio.

Note: The benchmarks are an average risk of default measure, and would not constitute an expectation of loss against a particular investment. The benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

The Head of Strategic Finance can report that the investment portfolio was maintained within this overall benchmark during this year to date.

6. Liquidity

The Council set liquidity facilities/benchmarks to maintain:

- Bank overdraft - £0.5m;
- Liquid short term deposits of at least £2m available with a week's notice;
- Weighted Average Life benchmark is expected to be 0.5years, with a maximum of 10 years.

The Head of Strategic Finance can report that liquidity arrangements were adequate during the year to date.

7. Yield

Local measures of yield benchmarks are:

- Investments – returns 0.12% above average bank rate.

The Head of Strategic Finance can report that return up to 30 September 2012 averaged 1.17%, against a benchmark rate of 0.62%. The actual investment interest rate is therefore 0.55% (89%) above the benchmark rate.