

**Audit & Governance**  
**July 2016**  
**Treasury Outturn Statement**

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**Head Of Finance**

# Treasury Strategy Statement CIPFA “Best Practice”

“It is best practice for the strategy to be scrutinised prior to its approval, with scrutiny during the year being an **ongoing** process”

January/February - Strategy Statement

**July - Outturn Report**

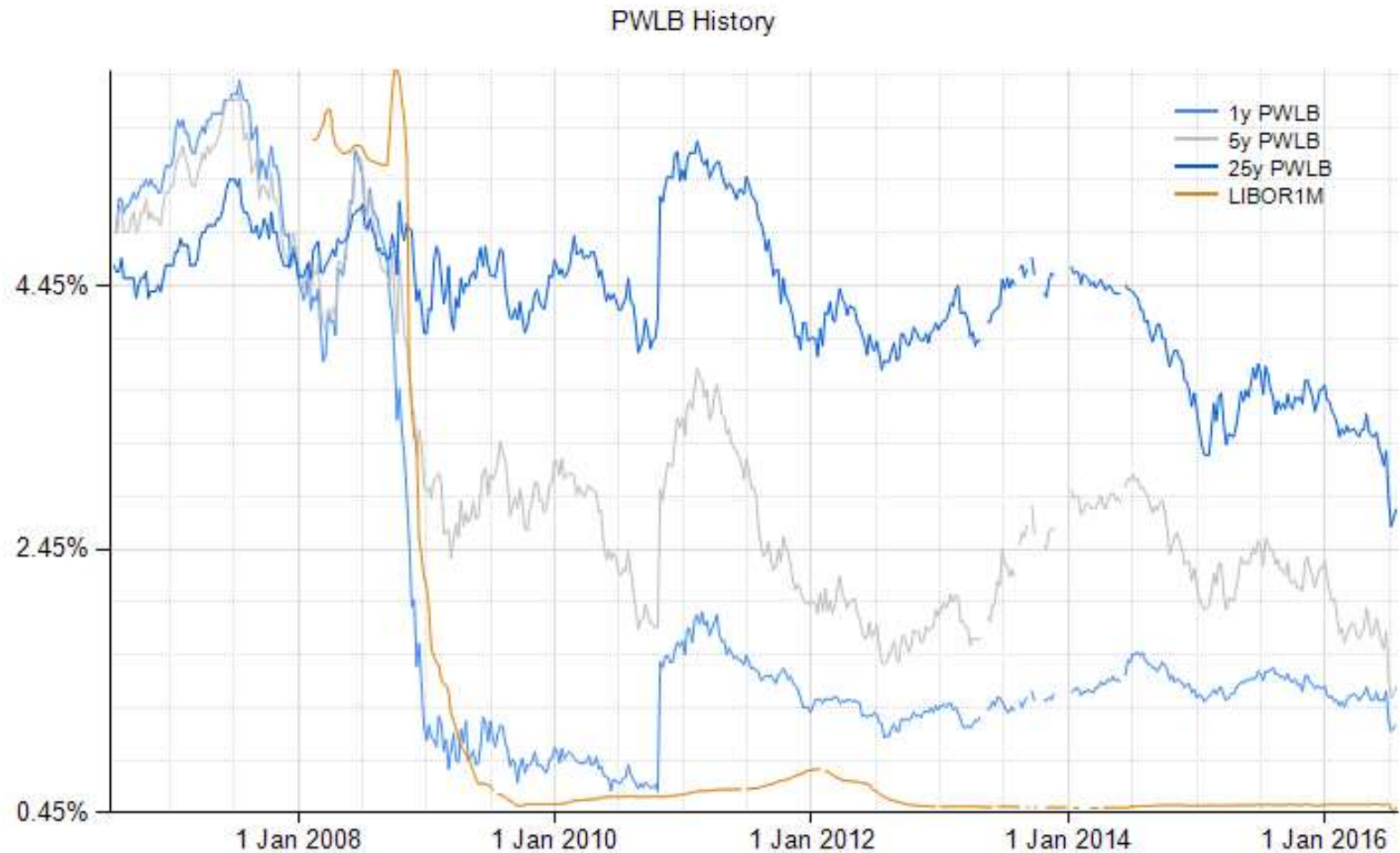
September - mid year Report

Each budget monitoring report

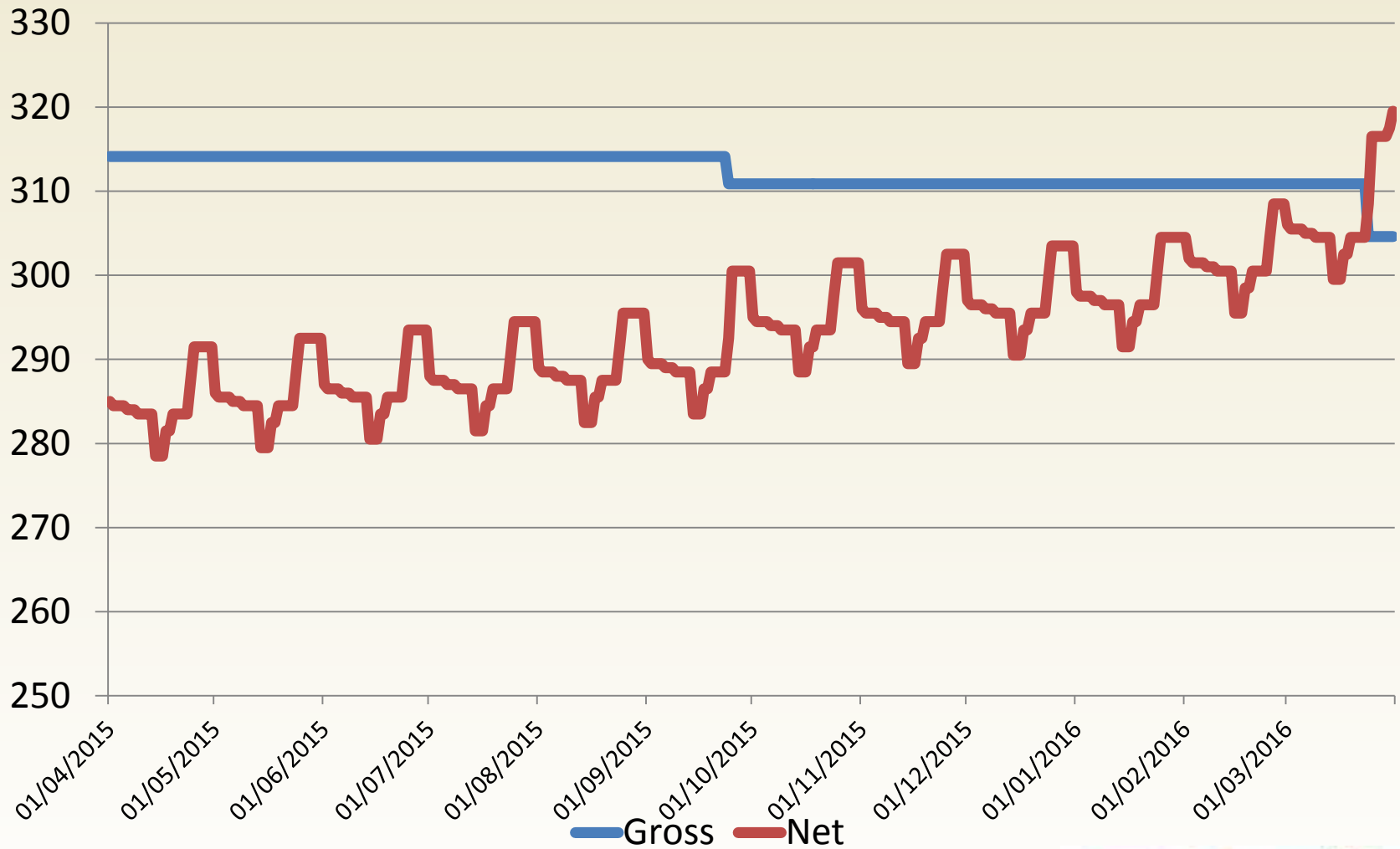
# What are we trying to do?

- minimise net borrowing costs
- ensure we have money available
- ensure security of money invested
- have some flexibility to respond to interest rate changes
- how we manage treasury risk overall

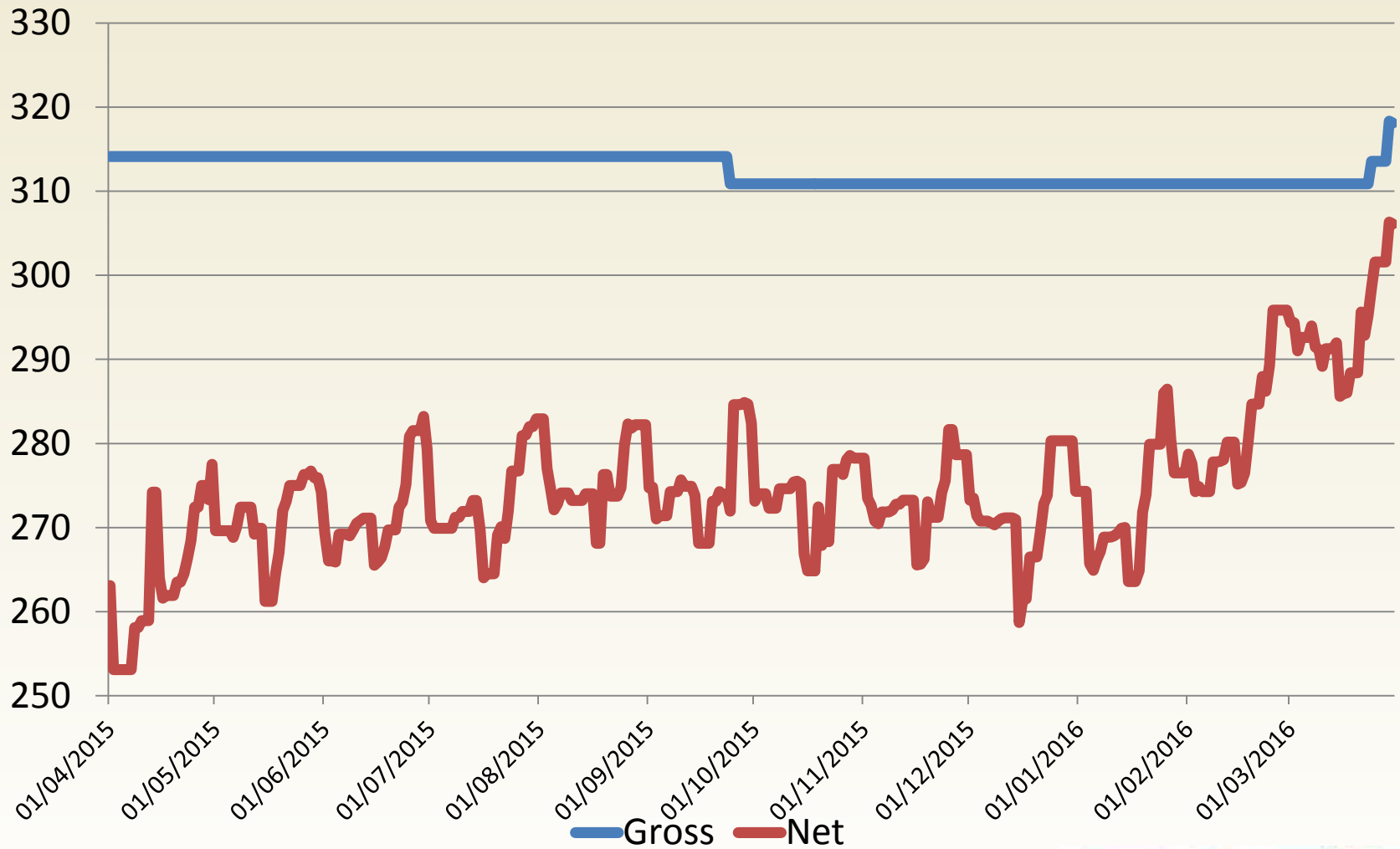
# Borrowing Interest Rates - last 10 years PWLB Rates



# What we expected 2015-16



# What actually happened



# Consequences

We had more cash than expected

- Underspend of 1415 Budget & Capital Slippage

So we had more investment returns

*BUT* Limit on Fixed Rate Exposure breached

Estimated at maximum of 120%

Actual 124% (early April & December)

Year End 102% (115% last year)

Calculated as % of Net Principal

# CCLA Property Fund

Invested £5m March, £5m April & £2m November (& £3m this year)

Units are immediately devalued by 6-7% (bid/offer margin (to pay SDLT))

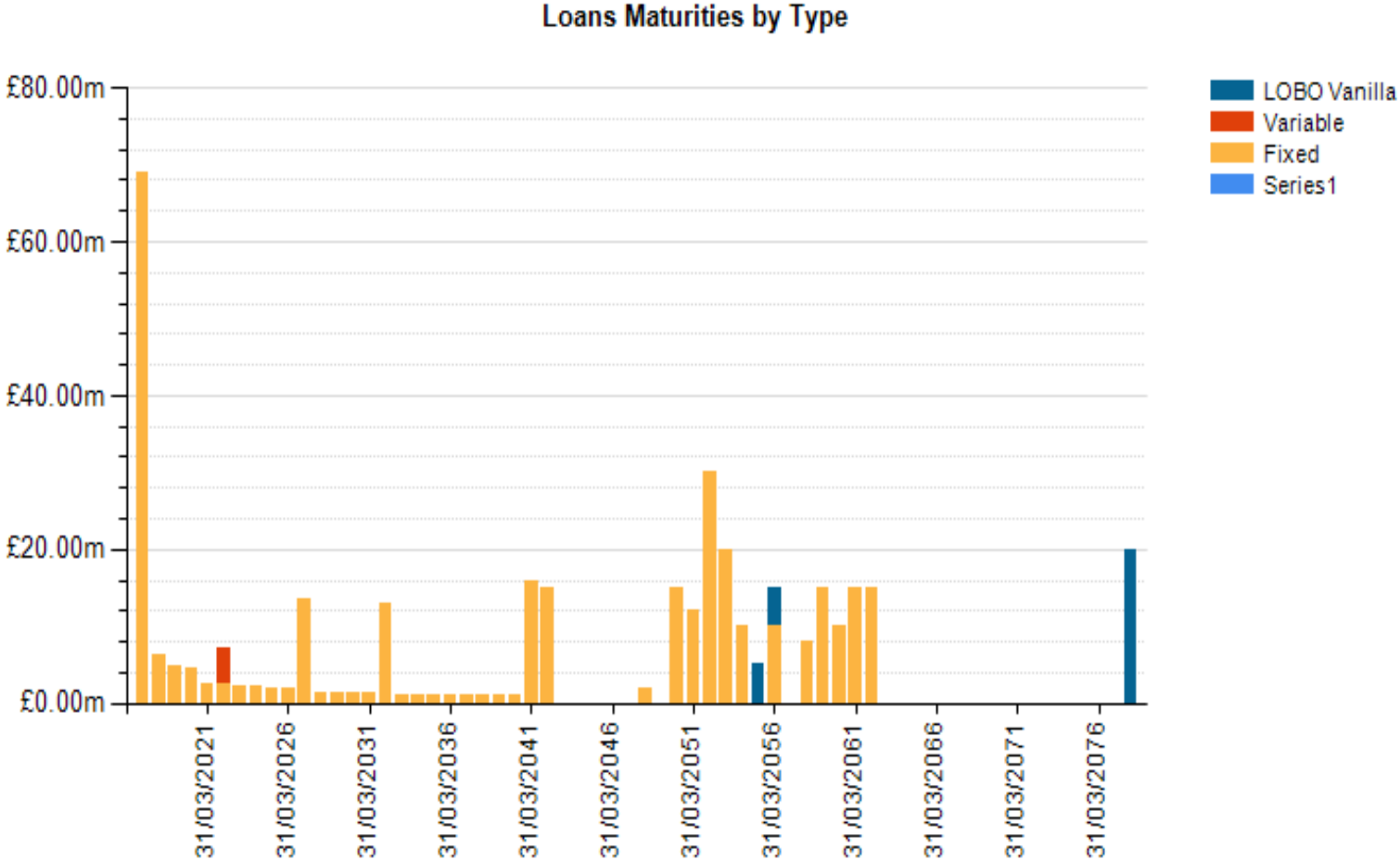
But yield is c. 4.75% (v. 0.5% in cash)

& Capital Growth in year wiped out all but £114k of the devaluation

But Brexit vote has changed outlook



# Maturity Profile (LOBOs to maturity) {TODAY}



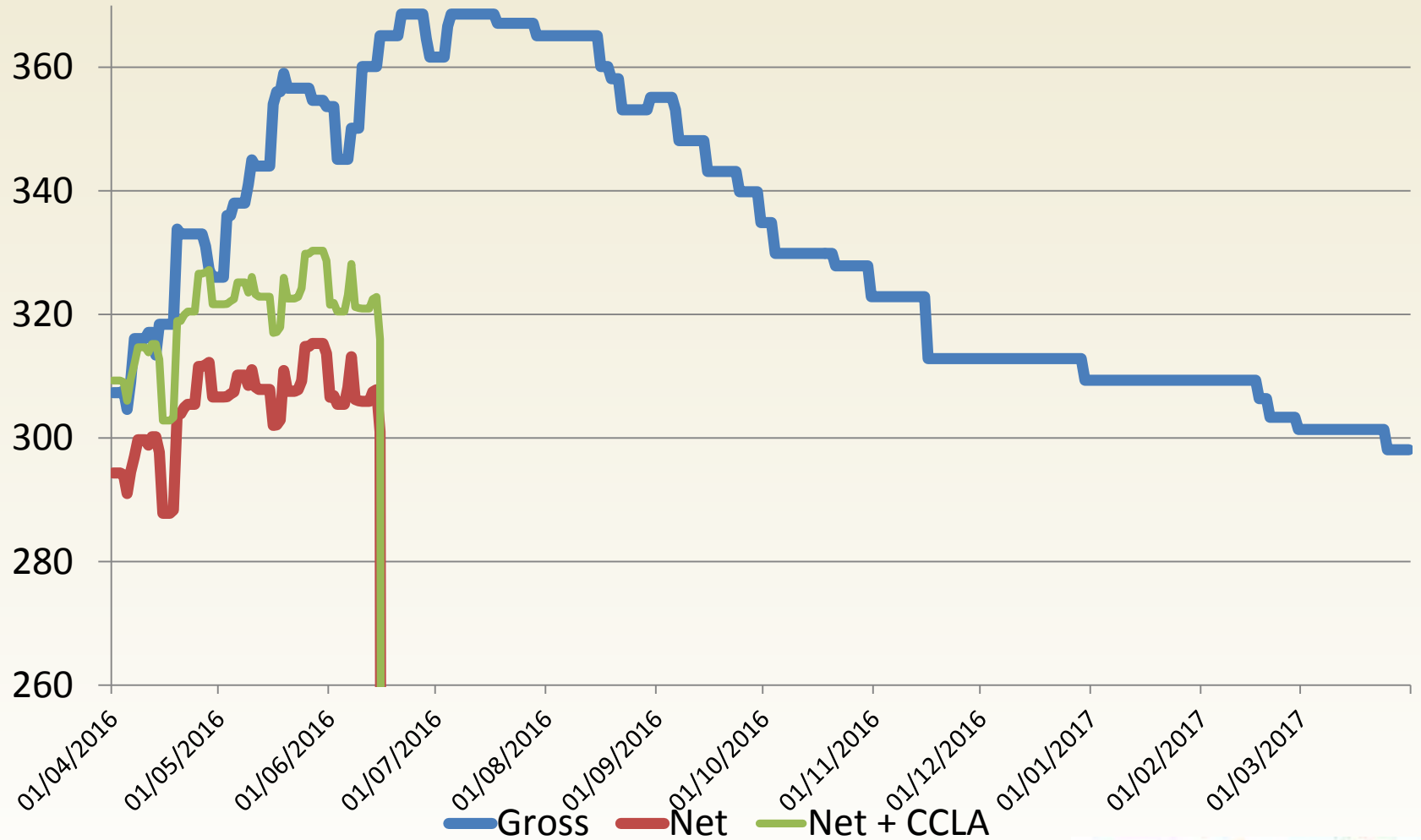
# What it looks like - Lending (21/7/16)

Who	How Much?	Who	How Much
Santander (Abbey)	Call £9.5m	Money Market Funds	Call £36.5m
		CCLA Property Fund	£15m
		Matures 15/16 £46m	Matures 16/17 or later £15m (CCLA)

# Treasury Issues/Developments

- Municipal Bond Agency
  - Preparing for first bond
  - But in post Brexit market (credit rating impact?)
- LOBOs - Barclays have waived option
- Reading is borrowing in the short term market (from other LAs) - currently £62.5m
- Acquisition of a property in Central Reading as an investment opportunity.

# How 2016/17 has started



# Questions?