

CYNGOR SIR YNYS MÔN	
Adroddiad i	Pwyllgor Archwilio
Dyddiad	24 Gorffennaf 2012
Pwnc	Rheoli'r Trysorlys - Chwarter Cyntaf 2012-13
Swyddog(ion) Arweiniol	Pennaeth Gwasanaeth (Cyllid)
Swyddog Cyswllt	Einir Wyn Thomas (Ffôn: 2605)
Natur a rheswm dros adrodd I'w sgrwteiddio - yn gyson ag arweiniad proffesiynol.	

1. Cyflwynir yr adroddiad hwn i sicrhau bod y Cyngor yn cydymffurfio â Chod Ymarfer ar Reoli Trysorlys 2011 a gyhoeddwyd gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifeg (CIPFA) ac sy'n argymhell diweddarau Aelodau ar weithgaredd rheoli trysorlys o leiaf ddwy waith y flwyddyn, a gorau oll yn chwarterol.
2. Rhoes Ymgynghorwyr Trysorlys y Cyngor grynodedb o'r cefndir economaidd (Atodiad 1) ynghyd â'r rhagolygon canlynol yn fuan ar ôl diwedd y chwarter.

	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%
5yr PWLB rate	2.10%	2.20%	2.20%	2.30%	2.40%	2.50%	2.60%	2.80%	3.00%	3.20%	3.40%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%
25yr PWLB rate	4.20%	4.30%	4.30%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%
50yr PWLB rate	4.30%	4.40%	4.40%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%

Datganodd Sector fod rhagolygu economaidd yn parhau'n anodd gyda gymaint o ddylanwadau allanol yn rhoi pwysau ar y DU. Mae'r meysydd allweddol o ansicrwydd yn cynnwys :-

- Effaith yr argyfwng parth Ewro ar y marchnadoedd ariannol a'r sector bancio;
- Effaith cynllun llymder Llywodraeth y DU ar hyder a thwf;
- Gweithred polisi ariannol yn methu ag ysgogi twf yn economiau'r gorllewin;
- Y posibilrwydd o dwf gwan neu ddirwasgiad ym mhrif bartneriaid masnach y DU – yr UE ac UD.

Mae'r balans cyffredinol o risgiau'n parhau wedi eu pwyso tuag at i lawr. Creda Sector mai'r duedd tymor hirach yw i elwau o giltiau a chyfraddau PWLB godi oherwydd cyfeintiau uchel o gyhoeddi giltiau yn y DU, a'r cyfaint uchel o gyhoeddi dyled yng ngwledydd mwyaf arall y gorllewin. Fodd bynnag, yn y tymor agosach, mae esmwytho meintiol yn debygol o ostwng elw a gall esmwytho meintiol pellach ar ôl hyn arwain at ailasesiad o ragolygon canolog Sector.

O ystyried y rhagolwg gwan ar gyfer twf economaidd, cyfyngedig iawn gwel Sector y rhagolygon ar gyfer unrhyw newidiadau graddfeydd cyn gynnar 2014. Petai twf yn siomi, mae posibilrwydd bydd oedi pellach ar gynnydd yn y Raddfa Banc.

3. Ar ddechrau'r flwyddyn, roedd y cyfan o bortffolio benthycar Cyngor o'r PWLB ac roedd £4.6m yn is na'r Gofyniad Cyllido Cyfalaf (GCC).
4. Ar hyn o bryd rydym yn mewnoli ein benthycar oherwydd cyflwr y farchnad gyfredol a'r graddfeydd llog, ac rydym dal yn cysidro cymeryd benthyciadau newydd PWLB yn ystod y flwyddyn. Fodd bynnag, mae'r strategaeth yma'n hyblyg i gyflwr y farchnad, sy'n parhau i gael ei fonitro yn rheolaidd.

Mae'r tabl isod yn dangos y sefyllfa ar gychwyn ac ar ddiwedd y chwarter.

	30 Mehefin 2012		31 Mawrth 2012	
	£m	%	£m	%
Benthycar – cyfradd sefydlog	96.1	5.53	96.1	5.53
Benthycar – cyfradd amrywiol	Dim	-	Dim	-
Adneuon – Ar gael i 30 diwrnod	14.0	0.76	11.2	0.77
Adneuon – Cyfnod Sefydlog < 1 blwyddyn	10.0	1.42	5.0	1.32
Adneuon – Cyfnod Sefydlog 1 blwyddyn +	Dim	-	Dim	-
Cyfanswm yr Adneuon	24.0	1.03	16.2	0.94
Yr Adneuon ar gyfartaledd yn y Chwarter	26.8	-	28.4	-

Yn ystod y chwarter, yr unig fuddsoddiad aeddfedoedd oedd adnau hefo Royal Bank of Scotland (£5m ym Mai). Gwnaed dau fuddsoddiad newydd yn ystod y cyfnod yma, y ddau hefo'r Royal Bank of Scotland (£5m am 6 mis a £5m am 364 diwrnod).

5. Yn ystod y chwarter, bu modd i'r Cyngor gadw o fewn ei Gyfyngiadau Pwyllog (Atodiad 2). Yn ogystal, cadwodd o fewn ei gyfyngiadau buddsoddi.
6. Y cynlluniau ar gyfer gweddill y flwyddyn yw:
 - Parhau i fuddsoddi balansau sy'n weddill mewn modd sy'n sicrhau diogelwch ynghyd â hylifedd;
 - Parhau i fewnoli benthycar tra'n monitro cyflwr y farchnad yn rheolaidd;
 - Monitro'r farchnad fel y gellir aildrefnu ar adeg priodol os daw cyfleon ar gael.
 - Ymateb i gynlluniau posib ar gyfer defnyddio benthycar digefnogaeth neu gymorth benthycar unwaith ac am byth;

7. ARGYMHELLIAD

Ystyried cynnwys yr adroddiad.

Rhagolygon Economaidd / Economic Projections

- The economic outlook has generally weakened;
- Demand on the high street was volatile, as a result of temporary distortions;
- Employment rose and unemployment fell, but earnings growth remained weak;
- Inflation continued to fall;
- The Bank and the HM Treasury announced measures to help the UK banking sector;
- The MPC indicated another tranche of quantitative easing (QE);
- Gilt yields fell on the back of deteriorating economic data and safe-haven flows from the euro-zone;
- Sentiment towards the Eurozone alternately rose on the announcement of measures to address the crisis, but then fell back as measures disappointed.

The weakening business surveys since the start of Q1 suggests that the economy will be lucky to escape a third successive quarterly contraction (output shrunk by 0.4% in Q3 FY 11/12 and 0.3% in Q4 FY 11/12). Admittedly, the weighted output balance of the CIPS/Markit surveys in April and May was at a level consistent with quarterly expansion, albeit of only 0.2%. However it is not clear that the CIPS surveys have improved on the detrimental impact on output of the extra bank holiday for the Queen's Jubilee at the start of June.

The CIPS surveys does exclude the retail sector and high street spending, which performed strongly in May on the official measure, following a weak, poor-weather driven performance in April. Evidence for early June from the CBI's Distributive Trades Survey suggests that the Jubilee holiday may have boosted spending. Nevertheless, consumer confidence showed no signs of breaking out of its long-depressed state.

The labour market continued to perform relatively better. The Labour Force Survey measure of employment rose by 166,000 in the three months to April, whilst unemployment fell by 51,000 in the period February-April. The scale of the decline was more modest than the rise in employment, with the number of people looking for work outpacing jobs growth. The narrower claimant count measure of unemployment did rise by 8,000 in May, the largest increase since September 2011.

Pay growth remained weak. Annual growth of overall average earnings rose from 0.8% to 1.9% in April as the poor bonus season ended. Excluding bonuses, growth was only 1.8%. Given the rate of inflation over this period, real pay continued to fall on an annual basis, an underlying drag on the consumer and therefore growth.

House prices trended downwards. The Nationwide measure fell in two of the three months from April to June, with the annual rate of house price inflation declining from -0.7% in May to -1.5% in June. The less timely Halifax measure also saw an overall decline in prices over April and May.

Banks' funding costs eased over the quarter, reflecting actions by the Bank of England and Treasury to boost liquidity. Two initiatives were announced in June - a 'funding for lending' scheme which would allow banks to temporarily "swap" their assets with the Bank of England in return for money they could lend to customers, and an emergency scheme that offered six-month low-cost liquidity to banks in tranches of £5bn a month.

Costs, however, remained elevated and banks began to pass higher costs onto borrowers. Borrowing rates on most types of new mortgages picked up in April and May.

Trade data showed a sharp deterioration in April. The UK posted its second largest monthly trade deficit on record, driven in large part by a widening of the gap between exports and imports with countries outside the EU. Exports to the Eurozone also fell, with weakness extending from the peripheral countries to what had previously been perceived as strong economies like Germany.

The latest public finance figures also disappointed. While April's budget surplus was the largest on record, this was flattered to the tune of £28bn by the transfer of a share of the assets of the Royal Mail's pension fund to the public sector. Once allowance was made for this, net borrowing for the first two months of the financial year was almost £4bn higher than the equivalent period in 2011/12.

Inflation fell further in the second quarter. CPI inflation fell from 3.5% in March to 2.8% in May, driven by declines in fuel and food prices. Core inflation fell from 2.5% to 2.2%.

The most striking development in inflationary pressures was in the price of oil, which fell from \$125 at the beginning of April to around \$96 at the end of June, its lowest level since early 2011.

Consistent with the decline in inflation, medium-term indicators of inflation suggested that underlying price pressures remained weak. Household respondents to June's YouGov/Citigroup inflation expectations survey predicted the annual rate of inflation in a year's time would be 2.4%, the lowest year-ahead expectation since April 2010.

The MPC voted narrowly against pursuing more quantitative easing (QE) at its June meeting. The consensus view was that the MPC would decide on further purchases in July. The Governor of the Bank of England said in June that, as a consequence of the Eurozone crisis, he was already more pessimistic than suggested by the forecasts published in the Bank's Inflation Report only six weeks earlier.

As a result of, safe-haven flows from the Eurozone and the impact of QE, government bond yields fell during the quarter, with ten year yields at one point dropping below 1.5%, their lowest level ever.

After signs of acceleration in Q4 FY 11/12, the US economy's recovery lost momentum. Total non-farm payroll employment was up only 69,000 in May, following a similarly weak rise in April of 77,000. US retail sales values fell in April and May.

Market sentiment towards the Eurozone remained volatile as successive 'rescue packages' first raised, and then disappointed, expectations. The economic news suggested that the Eurozone economy contracted sharply in the second quarter, while Eurozone unemployment rose to 11.1% in May, the highest rate since the creation of the euro in 1999.

Allan o gyngor gan / From advice from SECTOR Ltd

Prudential Indicators – Quarter 1 2012/13

Prudential Indicator	2012/13	Quarter 1 -
	Indicator	Actual
	£m	£m
Capital Financing Requirement (CFR)	113.7	n/a
Gross borrowing	113.7	96.1
Investments	n/a	24.0
Net borrowing	n/a	72.1
Authorised limit for external debt	123	Within limit
Operational boundary for external debt	118	Within limit
Limit of fixed interest rates based on net debt	105	Within limit
Limit of variable interest rates based on net debt	20	Nil
Principal sums invested > 364 days	15	Nil
Maturity structure of borrowing limits		
Under 12 months	20%	0%
12 months to 2 years	20%	7%
2 years to 5 years	50%	3%
5 years to 10 years	75%	18%
10 years and above	100%	72%

Dangosyddion Pwyllog – Chwarter 1 2012/13

Dangosydd Pwyllog	Dangosydd 2012/13 £m	Gwirioneddol Chwarter 1 £m
Gofyniad Cyllido Cyfalaf (GCC)	113.7	n/a
Benthyca gros	113.7	96.1
Buddsoddiadau	n/a	24.0
Benthyca net	n/a	72.1
Terfyn awdurdodedig am ddyled allanol	123	O fewn y terfyn
Ffin gweithredol am ddyled allanol	118	O fewn y terfyn
Terfyn graddfeydd llog sefydlog yn seiliedig ar ddyled net	105	O fewn y terfyn
Terfyn graddfeydd llog amrywiol yn seiliedig ar ddyled net	20	Dim
Prifsymiau buddsoddwyd > 364 diwrnod	15	Dim
Strwythur aeddfedu am derfynau benthyca		
O dan 12 mis	20%	0%
12 mis i 2 flynedd	20%	7%
2 flynedd i 5 mlynedd	50%	3%
5 mlynedd i 10 mlynedd	75%	18%
10 mlynedd a throsodd	100%	72%