| CYNGOR SIR YNYS MÔN | |
|---|---|
| **ADRODDIAD I:** | **CYNGOR SIR** |
| **DYDDIAD:** | **27 CHWEFROR 2019** |
| **PWNC:** | **ADRODDIAD ADOLYGU CANOL BLWYDDYN RHEOLI'R TRYSORLYS 2018/19** |
| **AELOD(AU) PORTFFOLIO** | **CYNGHORYDD ROBIN WILLIAMS** |
| **PENNAETH GWASANAETH:** | **MARC JONES, PENNAETH SWYDDOGAETH (ADNODDAU) A SWYDDOG ADRAN 151 (EST. 2601)** |
| **AWDUR YR ADRODDIAD:**<br>FFÔN:<br>E-BOST: | **GARETH ROBERTS**<br>01248 752675<br>GarethJRoberts@ynysmon.gov.uk |
| **AELODAU LLEOL:** | **d/b** |

## 1. Cefndir

### 1.1 Strategaeth Gyfalaf

Yn Rhagfyr 2017, cyhoeddodd Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (CIPFA), Godau Rheoli'r Trysorlys a Darbodus diwygiedig. O 2019/20, bydd angen i bob awdurdod lleol baratoi Strategaeth Gyfalaf fydd yn darparu'r canlynol: -

- trosolwg lefel uchel o sut mae gwariant cyfalaf, cyllido cyfalaf a gweithgaredd rheoli'r trysorlys yn cyfrannu at ddarparu gwasanaethau;
- trosolwg o sut mae'r risg gysylltiedig yn cael ei rheoli; â'r
- goblygiadau ar gyfer cynaliadwyedd cyllidol yn y dyfodol.

Bydd adroddiad yn cynnwys ein Strategaeth Gyfalaf yn cael ei gyflwyno i'r Cyngor llawn cyn 31 Mawrth 2019.

### 1.2 Rheoli'r Trysorlys

Mae'r Cyngor yn gweithredu cyllideb gytbwys, sy'n golygu'n fras bod arian a godir yn ystod y flwyddyn yn talu am ei wariant ariannol. Mae rhan o weithrediadau rheoli'r trysorlys yn sicrhau bod y llif ariannol hwn yn cael ei gynllunio'n ddigonol, gydag arian dros ben yn cael ei fuddsoddi mewn gwrthbartïon risg isel, gan sicrhau hylifedd digonol i gychwyn cyn ystyried yr elw gorau posibl o'r buddsoddiadau.

Ail brif swyddogaeth y gwasanaeth rheoli'r trysorlys yw cyllido cynlluniau cyfalaf y Cyngor. Mae'r cynlluniau cyfalaf hyn yn ganllaw o faint y bydd angen i'r Cyngor ei fenthyca, hynny yw, y gwaith o gynllunio llif arian yn y tymor hir i sicrhau bod y Cyngor yn gallu cyflawni ei weithgareddau gwariant cyfalaf. Gallai'r gwaith hwn o reoli arian yn y tymor hir gynnwys trefnu benthyciadau tymor hir neu dymor byr, neu ddefnyddio arian dros ben o'r llif arian tymor hir ac, ar adegau, gall unrhyw ddyled a drefnwyd yn flaenorol gael ei hailstrwythuro i gwrdd ag amcanion risg neu gost y Cyngor.

Yn unol â hyn, diffinnir rheoli'r trysorlys fel hyn:-

"*Rheoli benthyciadau, buddsoddiadau a llif arian yr awdurdod lleol, ei drefniadau bancio a thrafodion ar y farchnad arian a'r farchnad gyfalaf; rheolaeth effeithiol o'r risgiau sy'n gysylltiedig â'r gweithgareddau hynny; a cheisio'r perfformiad gorau posib sy'n gyson â'r risgiau hynny*."

## 2. Cyflwyniad

Ysgrifennwyd yr adroddiad hwn yn unol â gofynion Côd Ymarfer CIPFA ar Reoli'r Trysorlys (diwygiwyd 2017). Dyma ofynion sylfaenol y Côd:-

**(i)** Creu a chynnal Datganiad ar y Polisi Rheoli'r Trysorlys sy'n amlinellu polisïau ac amcanion gweithgareddau rheoli'r trysorlys y Cyngor.

**(ii)** Creu a chynnal Arferion Rheoli'r Trysorlys sy'n amlinellu'r modd y bydd y Cyngor yn ceisio cyflawni'r polisïau a'r amcanion hynny.

**(iii)** Y Cyngor llawn yn derbyn Datganiad Blynyddol ar y Strategaeth Rheoli'r Trysorlys, sy'n cynnwys y Strategaeth Fuddsoddi Flynyddol a Pholisi Isafswm y Ddarpariaeth Refeniw ar gyfer y flwyddyn i ddod, Adroddiad Adolygu Canol Blwyddyn (yr adroddiad hwn) ac Adroddiad Blynyddol, sy'n rhoi sylw i weithgareddau a gynhaliwyd yn ystod y flwyddyn flaenorol.

**(iv)** Y Cyngor llawn yn dirprwyo cyfrifoldebau am weithredu a monitro'r polisïau ac arferion rheoli'r trysorlys ac am weithredu a gweinyddu penderfyniadau rheoli'r trysorlys.

**(v)** Y Cyngor yn dirprwyo'r gwaith o sgrwtineiddio'r strategaeth a'r polisïau rheoli'r trysorlys i gorff penodol, sef y Pwyllgor Archwilio yn achos y Cyngor hwn.

Mae'r adroddiad canol blwyddyn hwn wedi'i baratoi yn unol â Chôd Ymarfer CIPFA ar Reoli'r Trysorlys, ac mae'n cynnwys y canlynol:-

- Diweddariad economaidd ar gyfer rhan gyntaf blwyddyn ariannol 2018/19;
- Adolygiad o'r Datganiad ar y Strategaeth Rheoli'r Trysorlys a'r Strategaeth Fuddsoddi Flynyddol;
- Gwariant cyfalaf y Cyngor fel y nodir yn y Strategaeth Gyfalaf, a dangosyddion darbodus;
- Adolygiad o bortffolio buddsoddi'r Cyngor ar gyfer 2018/19;
- Adolygiad o strategaeth fenthyca'r Cyngor ar gyfer 2018/19;
- Adolygiad o unrhyw ail drefnu dyledion yn ystod 2018/19;
- Crynodeb o weithgaredd ers Chwarter 2; ac
- Adolygiad o gydymffurfio â Therfynau Trysorlys a Darbodus ar gyfer 2018/19.

## 3. Diweddariad Economaidd

**3.1** Rhoddwyd diweddariad economaidd gan ymgynghorwyr trysorlys y Cyngor ac mae i'w weld yn Atodiad 1. Hefyd yn ddiweddar maent wedi darparu'r rhagolwg cyfradd llog canlynol:-

| | Rhag 2018 | Maw 2019 | Meh 2019 | Medi 2019 | Rhag 2019 | Maw 2020 | Meh 2020 | Medi 2020 | Rhag 2020 | Maw 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Cyfradd Banc(%) | 0.75% | 0.75% | 0.75% | 1.00% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.50% |
| Cyfradd PWLB 5ml. (%) | 2.00% | 2.10% | 2.20% | 2.20% | 2.30% | 2.30% | 2.40% | 2.50% | 2.50% | 2.60% |
| Cyfradd PWLB 10ml.(%) | 2.50% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% |
| Cyfradd PWLB 25ml.(%) | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% | 3.40% | 3.50% | 3.50% |
| Cyfradd PWLB 50ml.(%) | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% |

**3.2** Yn ddiweddar darparodd ymgynghorwyr trysorlys y Cyngor sylwadau i gyd-fynd â'r rhagolygon cyfradd llog uchod. Mae'r sylwadau hyn i'w gweld yn Atodiad 2.

## 4. Datganiad ar y Strategaeth Rheoli'r Trysorlys a Diweddariad ar y Strategaeth Fuddsoddi Flynyddol

**4.1** Cymeradwywyd Datganiad ar y Strategaeth Rheoli'r Trysorlys (TMSS) ar gyfer 2018/19 gan y Cyngor hwn ar 28 Chwefror 2018. Nid oes unrhyw newidiadau polisi i'r TMSS; mae'r manylion yn yr adroddiad hwn yn diweddaru'r sefyllfa yn wyneb y sefyllfa economaidd ddiweddaraf a'r newidiadau cyllidebol a gymeradwywyd eisoes.

## 5. Portffolio Buddsoddi 2018/19

**5.1** Yn unol â'r Côd, blaenoriaeth y Cyngor yw sicrhau bod cyfalaf a hylifedd yn ddiogel, a chael lefel enillion briodol sy'n gyson ag awydd y Cyngor i gymryd risgiau. Fel y nodir yn Adran 3, mae'n farchnad fuddsoddi anodd iawn o ran cael y cyfraddau llog a welwyd yn gyffredin yn y degawdau blaenorol gan fod y cyfraddau yn isel iawn ar hyn o bryd ac yn gyson â'r gyfradd banc sylfaenol, sef 0.75%. Mae'r posibilrwydd parhaus o argyfwng dyled sofran ym mharth yr Ewro, a'i effaith ar fanciau, yn ein hannog i ddilyn strategaeth risg isel a thymor byr. O ystyried yr amgylchedd risg hwn a'r ffaith y bydd cynnydd yng nghyfradd y banc yn debygol o ddigwydd yn raddol ac yn annhebygol o ddychwelyd i'r lefelau a welwyd yn y gorffennol, mae'r incwm a geir o fuddsoddiadau yn debygol o barhau i fod yn isel.

**5.2** Roedd gan y Cyngor £6.089m o fuddsoddiadau ar 30 Medi 2018 (£5.993m ar 31 Mawrth 2018) a'r enillion o'r portffolio buddsoddiadau am chwe mis cyntaf y flwyddyn oedd 0.65%. Mae rhestr lawn o fuddsoddiadau ar 30 Medi 2018 i'w gweld yn Atodiad 3. Mae crynodeb o'r buddsoddiadau a'r cyfraddau i'w gweld yn Atodiad 4.

**5.3** Ni thorrwyd y terfynau a gymeradwywyd o fewn y Strategaeth Fuddsoddi Flynyddol yn ystod chwe mis cyntaf 2018/19.

**5.4** Yr incwm y mae'r Cyngor wedi cyllidebu y bydd yn ei dderbyn o'i fuddsoddiadau ar gyfer 2018/19 ar ei hyd yw £0.017m ac mae'r perfformiad am y flwyddyn hyd yma'n uwch na'r gyllideb, gyda £0.023m wedi'i dderbyn ar ddiwedd Chwarter 2. Y rheswm am hyn yw'r cynnydd yng nghyfradd y banc o 0.5% i 0.75% a ddigwyddodd yn Awst 2018.

**5.5** Mae'r meini prawf gwrthbartïon buddsoddi presennol a gymeradwywyd yn y TMSS yn cwrdd â gofynion swyddogaeth rheoli'r trysorlys.

**5.6** Mae'r gwledydd a gymeradwywyd ar gyfer buddsoddiadau i'w gweld yn Atodiad 5.

## 6. Benthyca

**6.1** Y gofyniad cyllido cyfalaf (GCC) a ragamcanwyd ar gyfer 2018/19 yw £142.0m. Mae'r GCC yn dynodi angen sylfaenol y Cyngor i fenthyca at ddibenion cyfalaf. Os yw'r GCC yn gadarnhaol, gall y Cyngor fenthyca gan y Bwrdd Benthyciadau Gwaith Cyhoeddus PWLB neu'r farchnad (benthyca allanol) neu o falensau mewnol ar sail dros dro (benthyca mewnol). Yn gyffredinol, mae'r cydbwysedd rhwng benthyciadau allanol a mewnol yn cael ei ysgogi gan amodau'r farchnad. Rhagwelir y bydd y Cyngor wedi benthyg £125.6m ar ddiwedd y flwyddyn a bydd wedi defnyddio £16.4m o gyllid llif arian yn lle benthyca. Mae hon yn ffordd ddarbodus a chost effeithiol yn yr hinsawdd economaidd bresennol ond bydd angen monitro'r sefyllfa'n barhaus os bydd yr enillion o giltiau yn uwch nag a ragwelwyd.

**6.2** Er na chafodd unrhyw arian ei fenthyca yn ystod hanner cyntaf y flwyddyn ariannol, rhagwelir y bydd angen benthyca yn ystod ail hanner y flwyddyn.

**6.3** Yn ystod hanner cyntaf y flwyddyn ariannol aeddfedodd benthyciad tymor byr o Tyne & Wear Pension Fund ac fe'i had-dalwyd. Roedd yn fenthyciad o £5m ac fe'i tynnwyd allan ar 19/01/18 ar gyfradd llog o 0.50%. Fe'i had-dalwyd ar 19/04/18.

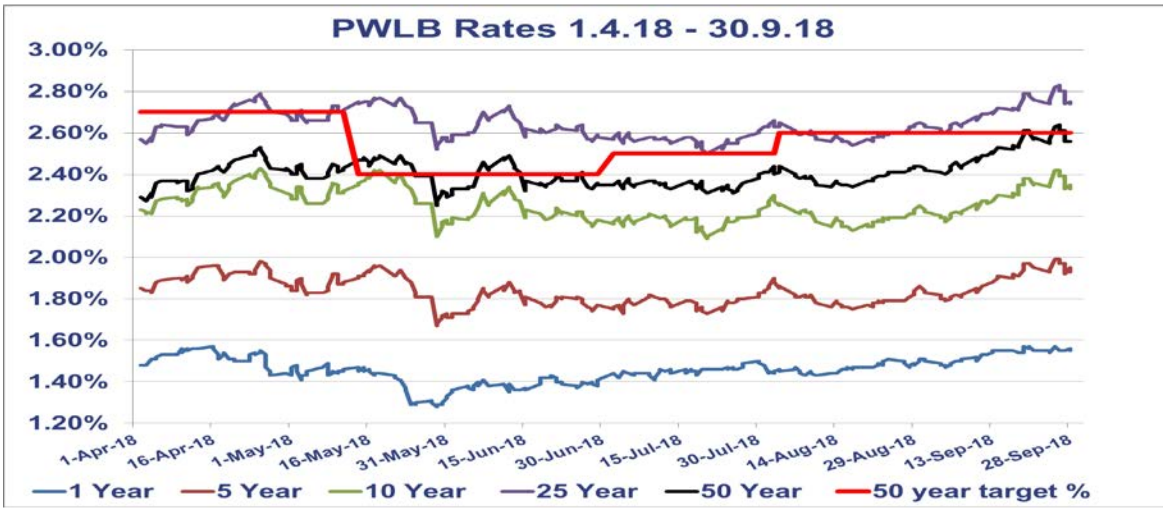
**6.4** Mae cyfleoedd i aildrefnu dyledion wedi bod yn gyfyngedig iawn yn yr hinsawdd economaidd bresennol o ystyried strwythur cyfraddau llog ac yn dilyn y cynnydd yn y gorswm a ychwanegwyd at elw o giltiau sydd wedi effeithio ar gyfraddau benthyca newydd y PWLB ers Hydref 2010. Felly, nid oes unrhyw ddyledion wedi eu haildrefnu hyd yma yn y flwyddyn ariannol hon.

**6.5** Ers i Chwarter 2 ddod i ben, mae'r Awdurdod wedi trefnu i fenthyca £5m gan Gyngor Sir Gogledd Efrog. Bydd y benthyciad yn digwydd o 16/10/18 hyd at 16/01/19 ar gyfradd o 0.85%. Mae'r penderfyniad hwn yn unol â'n strategaeth fenthyca bresennol, sef benthyca tymor hirach dim ond pan ydym angen yr arian yn hytrach na benthyca dim ond i fanteisio ar gyfraddau benthyca isel, a hynny oherwydd bod y gost o wneud hynny'n rhy uchel (y gwahaniaeth rhwng y llog a delir a'r elw ar fuddsoddiadau).

**6.6** Mae Atodiad 6 yn dangos graffiau ychwanegol, yn cynnwys Cymharu paramedrau benthyca â benthyciadau allanol gwirioneddol, fel y darparwyd gan Link Asset Services.

**6.7** Mae Atodiad 7 yn dangos gwybodaeth ychwanegol, yn cynnwys ar LOBO's, fel y darparwyd gan Link Asset Services.

Mae'r graff a'r tabl isod yn dangos y symudiad yng nghyfraddau sicrwydd PWLB am chwe mis cyntaf y flwyddyn hyd yma:




| | 1 Mlynedd | 5 Mlynedd | 10 Mlynedd | 25 Mlynedd | 50 Mlynedd |
|---|---|---|---|---|---|
| 03/04/18 | 1.48% | 1.84 | 2.22% | 2.55% | 2.27% |
| 30/09/18 | 1.55% | 1.93% | 2.33% | 2.74% | 2.56% |
| Isel | 1.28% | 1.67% | 2.09% | 2.50% | 2.25% |
| Dyddiad | 01/16/2018 | 29/05/2018 | 20/07/2018 | 20/07/2018 | 29/05/2018 |
| Uchel | 1.57% | 1.99% | 2.43% | 2.83% | 2.64% |
| Dyddiad | 17/04/18 | 25/09/2018 | 25/04/18 | 25/09/2018 | 25/09/2018 |
| Cyfartaledd | 1.46% | 1.84% | 2.25% | 2.64% | 2.41% |

## 7 Sefyllfa Gyfalaf y Cyngor (Dangosyddion Darbodus)

**7.1** Mae rhan hon o'r adroddiad wedi'i strwythuro i gyflwyno'r wybodaeth ddiweddaraf am:-

- Gynlluniau gwariant cyfalaf y Cyngor;
- Sut mae'r cynlluniau hyn yn cael eu cyllido;
- Effaith y newidiadau yn y cynlluniau gwariant cyfalaf ar y dangosyddion darbodus a'r angen sylfaenol i fenthyca; a
- Chydymffurfio â'r terfynau yn eu lle ar gyfer y gweithgaredd benthyca.

### 7.2 Dangosydd Darbodus ar gyfer Gwariant Cyfalaf

Mae'r tabl hwn yn dangos yr amcangyfrifon diwygiedig ar gyfer gwariant cyfalaf o'i gymharu â'r gyllideb gyfalaf:

| Gwariant Cyfalaf | 2018/19 Amcangyfrif Gwreiddiol £'000 | Sefyllfa ar 30 Medi 2018 £'000 | 2018/19 Amcangyfrif Presennol £'000 |
|---|---|---|---|
| Cronfa'r Cyngor | 44,891 | 8,169 | 23,685 |
| Cyfrif Refeniw Tai | 15,998 | 3,103 | 10,372 |
| Cyfanswm | 60,889 | 11,272 | 34,057 |

**7.2.1** Mae'r gwariant a ragamcanwyd yn dangos bod mwyafrif y prosiectau yn unol â'r targed ac y byddant yn cael eu cwblhau o fewn y gyllideb ond mae 4 prif brosiect (Safleoedd Sipsiwn a Theithwyr, Gwelliannau i'r A5025 at Wylfa, Ysgol yr 21ain Ganrif yn Llangefni a phrynu eiddo CRT) lle mae disgwyl tanwariant sylweddol yn y gyllideb yn 2018/19, a chaiff hyn ei adlewyrchu yn y tabl uchod. Ceir dadansoddiad llawn o'r gwariant cyfalaf a gynlluniwyd ar gyfer 2018/19, yn yr Adroddiad Monitro Cyllideb Gyfalaf Chwarter 2, a gyflwynwyd i'r Pwyllgor Gwaith ar 26 Tachwedd 2018.

## 7.3 Newidiadau i Gyllido'r Rhaglen Gyfalaf

**7.3.1** Mae rhai newidiadau i gyllido'r rhaglen gyfalaf fel y gellir gweld yn y tabl isod. Mae'r prif reswm am y newid wedi'i nodi ym mharagraff 7.2.1, bydd tanwariant sylweddol ar bedwar cynllun cyfalaf yn 2018/19. Fodd bynnag, bydd y pedwar cynllun hyn yn cario drosodd i 2019/20 ynghyd â'u cyllid ac ni ragwelir, ar hyn o bryd, y collir unrhyw gyllid oherwydd yr oedi.

**7.3.2** Mae'r tabl isod yn dwyn ynghyd brif elfennau strategaeth y cynlluniau gwariant cyfalaf (uchod), gan bwysleisio trefniadau ariannu gwreiddiol y rhaglen gyfalaf, a threfniadau cyllido disgwyliedig y gwariant cyfalaf hwn. Mae elfen fenthyca'r tabl yn cynyddu dyled sylfaenol y Cyngor trwy'r Gofyniad Cyllido Cyfalaf (GCC), er y bydd hyn yn cael ei ostwng yn rhannol gan gostau refeniw ar gyfer ad-dalu'r ddyled (Darpariaeth Refeniw Isaf). Efallai yr ychwanegir at yr angen hwn i gael benthyg yn sgil dyled sy'n aeddfedu a gofynion trysorlys eraill.

| Cyllido Cyfalaf | 2018/19 Amcangyfrif Gwreiddiol £'000 | 2018/19 Amcangyfrif Presennol £'000 |
|---|---|---|
| Grantiau Cyfalaf | 33,411 | 15,628 |
| Derbyniadau Cyfalaf | 1,228 | 1,346 |
| Cronfeydd wrth gefn | 474 | 972 |
| Cyfraniad Refeniw | 13,329 | 7,703 |
| Benthyca â Chefnogaeth | 5,064 | 3,853 |
| Benthyca Diefnogaeth | 5,999 | 4,181 |
| Benthyciad | 374 | 374 |
| Tanwariant o 2017/18 | 1,010 | 0 |
| **Cyfanswm** | **60,889** | **34,057** |

## 7.4 Newidiadau i Ddangosyddion Darbodus ar gyfer y Gofyniad Cyllido Cyfalaf (GCC), Dyled Allanol a'r Terfyn Gweithredol

**7.4.1** Mae tabl 7.4.3 isod yn dangos y GCC, sef angen allanol sylfaenol i fenthyca at ddibenion cyfalaf. Mae hefyd yn dangos y sefyllfa ddyled a ddisgwylir dros y cyfnod. Gelwir hyn y Terfyn Gweithredol, sy'n cael ei osod yn flynyddol gan y Cyngor fel rhan o'r Datganiad ar Strategaeth Rheoli'r Trysorlys.

### 7.4.2 Dangosydd Darbodus – Gofyniad Cyllido Cyfalaf

| | 2018/19 Terfyn Gweithredol yn unol â TMSS 2018/19 £000 | 2018/19 Sefyllfa Fenthyca Ddechreuol £000 | Swm o fewn y Terfyn £000 | 2018/19 Amcangyfrif o'r Sefyllfa Fenthyca £000 | Swm o fewn y Terfyn £000 |
|---|---|---|---|---|---|
| ***Dangosydd Darbodus – Dyled Allanol/ Y Terfyn Gweithredol*** | | | | | |
| Benthyca | 169,000 | 116,425 | 52,575 | 124,455 | 44,545 |
| Rhwymedigaethau tymor hir eraill | 3,000 | 1,353 | 1,647 | 1,168 | 1,832 |
| **Cyfanswm Dyledion 31 Mawrth** | **172,000** | **117,778** | **54,222** | **125,623** | **46,377** |

### 7.4.3 Dangosydd Darbodus – Gofyniad Cyllido Cyfalaf (GCC)

**7.4.3.1** Ar hyn o bryd rydym ychydig yn is na'r Gofyniad Cyllido Cyfalaf gwreiddiol a ragwelwyd oherwydd y tanwariant a ragwelir o ran benthyca, o ganlyniad yn bennaf i raglen Ysgolion yr 21[ain] Ganrif a'r dull cyllido diwygiedig ar gyfer Gofal Ychwanegol Seiriol.

| | 2018/19 Amcangyfrif Gwreiddiol £000 | 2018/19 Amcangyfrif Diwygiedig £000 |
|---|---|---|
| ***Dangosydd Darbodus – Gofyniad Cyllido Cyfalaf*** | | |
| GCC – Cronfa'r Cyngor | 104,425 | 101,217 |
| GCC– HRA | 40,815 | 40,815 |
| Cyfanswm GCC | 145,060 | 142,032 |
| **Symudiad net yn y GCC** | **8,194** | **5,166** |

| **GCC Gwreiddiol a Ragwelwyd** | **145,060** |
|---|---|
| Tanwariant o ran Benthyca Digefnogaeth o ganlyniad i Fatrics Band A Diwygiedig gyda phwysoliad mwy ar gyfer Grantiau Cyfalaf ar gyfer Adeiladau Newydd Llangefni yn hytrach na benthyca | -1,818 |
| Tanwariant o ran Benthyca â Chefnogaeth o ganlyniad yn bennaf i'r dull cyllido diwygiedig ar gyfer Gofal Ychwanegol Seiriol | -1,210 |
| **GCC Diwygiedig a Ragwelir** | **142,032** |

## 7.5 Terfynau ar Weithgaredd Benthyca

**7.5.1** Y dull rheoli allweddol cyntaf ar gyfer gweithgareddau trysorlys yw dangosydd darbodus i sicrhau, dros y tymor canol, na fydd benthyca net (benthyciadau llai buddsoddiadau) ond yn cael ei wneud at ddibenion cyfalaf. Ni ddylai benthyciadau allanol gros, ac eithrio yn y tymor byr, fod yn fwy na chyfanswm y GCC yn y flwyddyn flaenorol ynghyd ag unrhyw GCC ychwanegol amcangyfrifir y bydd ei angen ar gyfer 2018/19 a'r ddwy flynedd ariannol ddilynol. Mae hyn yn caniatáu rhywfaint o hyblygrwydd ar gyfer benthyca cynnar ar raddfa gyfyngedig yn y blynyddoedd i ddod. Mae'r Cyngor wedi cymeradwyo polisi o fenthyca cyn i'r angen godi, a chedwir at y polisi hwnnw os gwelir bod hynny'n ddarbodus.

| | 2018/19 Amcangyfrif Gwreiddiol £000 | Sefyllfa Bresennol ar 30 Medi 2018 £000 | 2018/19 Amcangyfrif Diwygiedig £000 |
|---|---|---|---|
| Benthyca Allanol | 116,425 | 111,420 | 124,455 |
| Benthyca Mewnol | 27,467 | d/b | 16,409 |
| Ynghyd â rhwymedigaethau tymor hir eraill | 1,168 | 1,168 | 1,168 |
| **GCC (sefyllfa diwedd blwyddyn)** | **145,060** | **d/b** | **142,032** |

**7.5.2** Ni ragwelir y bydd unrhyw anawsterau ar gyfer y flwyddyn bresennol i gydymffurfio â'r dangosydd darbodus yma.

**7.5.3** Mae dangosydd darbodus pellach yn rheoli'r lefel fenthyca gyffredinol. Hwn yw'r Terfyn Awdurdodedig ac ni chaniateir cymryd benthyg mwy na'r swm hwn. Mae angen i Aelodau osod ac adolygu'r swm, £177m ar hyn o bryd. Mae'n adlewyrchu faint o arian y gallwn fforddio ei fenthyca yn y tymor byr, er na fyddai'n ddymunol gwneud hynny, ond nid yw'n gynaliadwy yn y tymor hir. Hwn yw'r uchafswm y disgwylir y bydd angen ei fenthyca, gyda pheth hyblygrwydd ar gyfer symudiadau annisgwyl. Hwn yw'r terfyn statudol a bennir o dan Adran 3(1) Deddf Llywodraeth Leol 2003.

| Terfyn wedi'i Awdurdodi ar gyfer Dyled Allanol | 2018/19 Dangosydd Gwreiddiol | Y Sefyllfa Fenthyca Bresennol ar 30 Medi 2018 £'000 |
|---|---|---|
| Benthyca | 174,000 | 111,420 |
| Rhwymedigaethau tymor hir eraill | 3,000 | 1,168 |
| **Cyfanswm** | **177,000** | **112,588** |

## 8. Argymhelliad

**8.1** Ystyried cynnwys yr adroddiad.

**MARC JONES**
**PENNAETH SWYDDOGAETH (ADNODDAU) A SWYDDOG ADRAN 151** **21 TACHWEDD 2018**

**ATODIAD / APPENDIX 1**

## Diweddariad ar yr Economi hyd yma a'r rhagolygon / Economic Update & Forecasts

### United Kingdom

The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

### United States of America

President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

### Eurozone

Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

**China**
Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

**Japan**
Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

***Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services***

## Sylwadau ar y rhagolygon diweddaraf ar raddfeydd llog / Commentary on the latest interest rates forecasts

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.
- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- President Trump's fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.

- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities.  This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**Crynodeb Benthyca a Buddsoddi – Chwarteroedd 1 a 2 2018/19**
**Borrowing and Investment Summary – Quarters 1 and 2 2018/19**

| | 30 Medi / Sept 2018 | | 30 Mehefin / June 2018 | |
|---|---|---|---|---|
| | **£m** | **% (ei dalu ar fenthyca a'i dderbyn ar fuddsoddiad)** | **£m** | **% (ei dalu ar fenthyca a'i dderbyn ar fuddsoddiad)** |
| Benthyca – graddfa sefydlog<br>Borrowing – fixed rate | 111.4 | 5.15 | 114.4 | 5.15 |
| Benthyca – graddfa amrywiol<br>Borrowing – variable rate | Dim / Nil | d/b / n/a | Dim / Nil | d/b / n/a |
| Adneuon – galw hyd at 30 diwrnod<br>Deposits – Call to 30 days | 6.1 | 0.65 | 8.7 | 0.38 |
| Adneuon – Tymor sefydlog < 1 bl.<br>Deposits – Fixed Term < 1 year | Dim / Nil | d/b / n/a | Dim / Nil | d/b / n/a |
| Adneuon – Tymor sefydlog 1 bl. +<br>Deposits – Fixed Term 1 year + | Dim / Nil | d/b / n/a | Dim / Nil | d/b / n/a |
| Cyfanswm Adneuon<br>Total Deposits | 6.1 | 0.65 | 8.7 | 0.38 |
| Adneuon Uchaf yn y Chwarter<br>Highest Deposits in the Quarter | 14.8 | d/b / n/a | 22.5 | d/b / n/a |
| Adneuon Isaf yn y Chwarter<br>Lowest Deposits in the Quarter | 6.1 | d/b / n/a | 5.5 | d/b / n/a |
| Cyfartaledd Adneuon yn y Chwarter<br>Average Deposits in the Quarter | 10.4 | 0.48 | 14.2 | 0.31 |

Ni dorwyd unrhyw un o’r dangosyddion trysorlys yn ystod hanner cyntaf y flwyddyn.
None of the treasury indicators were breached during the first half of the year.

**ATODIAD / APPENDIX 4**

## Graddfeydd Credyd Gwrthbartïon buddsoddi a'r adneuon a ddelir gyda phob un ar 30 Medi 2018*
## Credit ratings of investment counterparties and deposits held with each as at 30 September 2018*

| **Grŵp Bancio**/ Banking Group | Sefydliad/ Institution | Adneuon / Deposit £'000 | Hyd (Galw / tymor sefydlog) / Duration (Call / Fixed Term**) | Cyfnod (O / I)/ Period (From / To) | Graddfa Dychweliad/ Rate of Return % | Graddfa Tymor Hir Fitch Long Term Rating | Graddfa Tymor Byr Fitch Short Term Rating | Graddfa Tymor Hir Moody's Long Term Rating | Graddfa Tymor Byr Moody's Short Term Rating | Graddfa Tymor Hir Standard & Poor's Long Term Rating | Graddfa Tymor Byr Standard & Poor's Short Term Rating | Lliw Sector/Hyd Awgrymiedig/ Sector Colour / Suggested Duration |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Lloyds Banking Group plc | Bank of Scotland plc | 6.086 | Galw/ Call | n/a | 0.65 | A+ | F1 | Aa3 | P-1 | A+ | A-1 | Glas – 12 mis/ Blue -12m months |
| Santander Group plc | Santander UK plc | 0.001 | Galw/ Call | n/a | 0.40 | A | F1 | Aa3 | P-1 | A | A-1 | Coch – 6 mis/ Red - 6 months |
| The Royal Bank of Scotland Group plc | The Royal Bank of Scotland plc (Part / Nationalised) | 0.002 | Galw/ Call | n/a | 0.25 | BBB+ | F2 | Baa2 | P-2 | BBB- | A-3 | Glas - 12 mis / Blue - 12 months |

* Ceir y Rhestr Benthyca Cymeradwyedig yn Atodiad 6 o'r Datganiad Strategaeth Rheoli Trysorlys 2018/19/Strategaeth Buddsoddi Blynyddol/ The Approved Lending List can be found at Appendix 6 of the 2018/19 Treasury Management Strategy Statement / Annual Investment Strategy

** Sef tymor ar pwynt y buddsoddi/Being term at the point of investment

**Gwledydd Cymeradwyedig ar gyfer buddsoddiad**

Yn seiliedig ar y raddfa credyd sofran isaf ar gael

AAA
- Awstralia
- Canada
- Denmarc
- Yr Almaen
- Lwcsembwrg
- Yr Isel Diroedd
- Norwy
- Singapôr
- Sweden
- Y Swistir

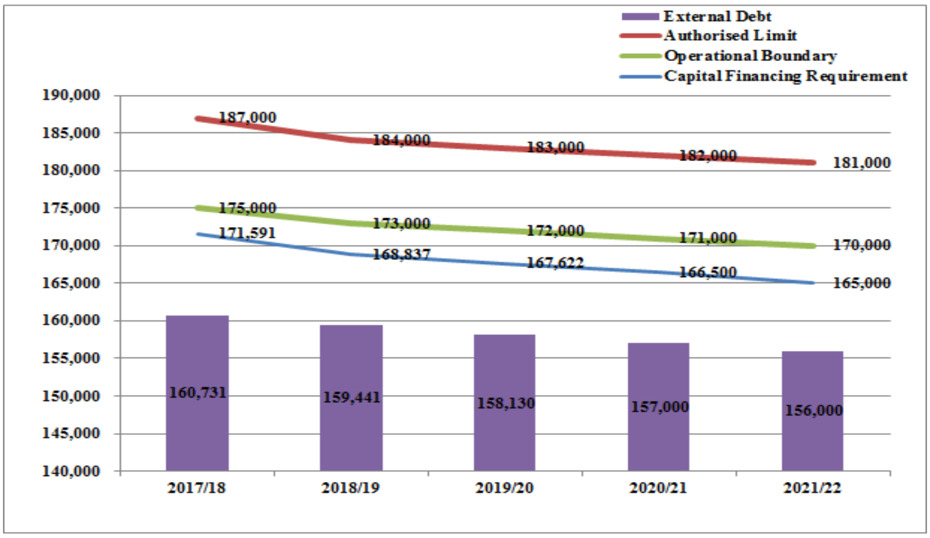
AA+
- Y Ffindir
- U.D.A.

AA
- Abu Dhabi (UAE)
- Ffrainc
- Hong Kong
- D.U.

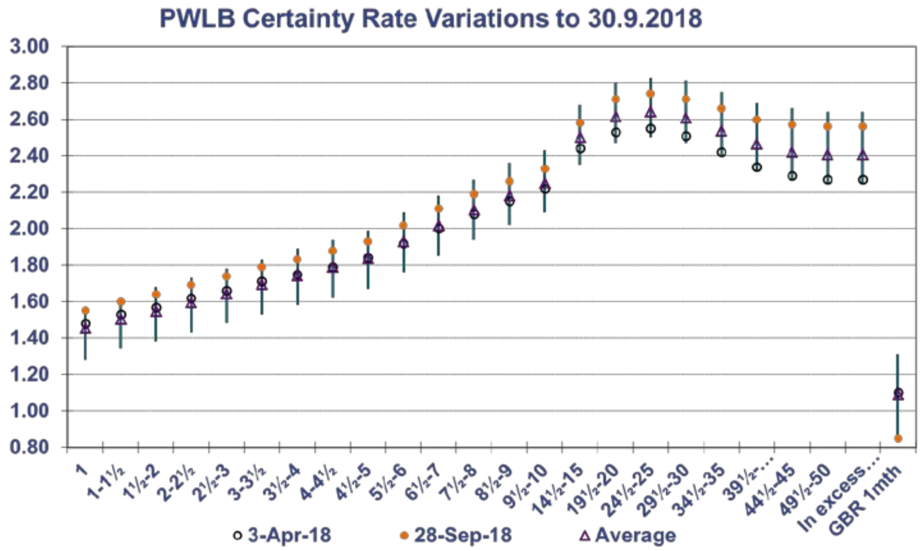
AA-
- Gwlad Belg
- Qatar

## Graffiau Ychwanegol / Additional Graphs

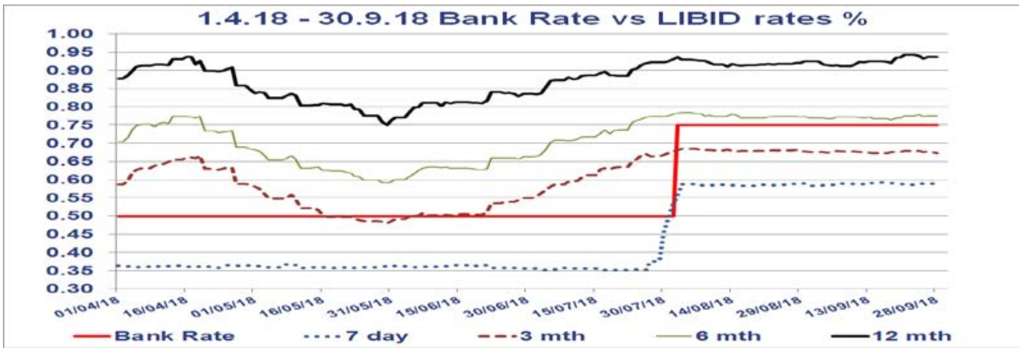
Cymhariaeth o baramedrau benthyca i fenthyca allanol gwirioneddol




**Amrywiaethau Cyfraddau Sicrywdd PWLB i 30-09-18**




| | Bank Rate | 7 day | 1 mth | 3 mth | 6 mth | 12 mth |
|---|---|---|---|---|---|---|
| High | 0.75 | 0.59 | 0.60 | 0.68 | 0.78 | 0.94 |
| High Date | 02/08/2018 | 14/09/2018 | 18/09/2018 | 06/08/2018 | 03/08/2018 | 21/09/2018 |
| Low | 0.50 | 0.35 | 0.37 | 0.48 | 0.59 | 0.75 |
| Low Date | 01/04/2018 | 19/07/2018 | 30/05/2018 | 30/05/2018 | 30/05/2018 | 30/05/2018 |
| Average | 0.58 | 0.43 | 0.47 | 0.61 | 0.71 | 0.87 |
| Spread | 0.25 | 0.24 | 0.23 | 0.21 | 0.19 | 0.19 |




***Rhan o gyngor dderbyniwyd gan / An extract from advice received from:  Link Asset Services***

**ATODIAD / APPENDIX 7**

**Gwybodaeth Ychwanegol / Additional information**

**1. UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered) will be considered for investment purposes.

**2. IFRS9 accounting standard**

This accounting standard came into effect from 1st April 2018. It means that the category of investments valued under the available for sale category will be removed and any potential fluctuations in market valuations may impact onto the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. This change is unlikely to materially affect the commonly used types of treasury management investments but more specialist types of investments, (e.g. pooled funds, third party loans, commercial investments), are likely to be impacted.

**3. Changes in risk appetite**

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

**4. LOBOs**

- **a) Inverse LOBOs**- Any authority which has these LOBOs may wish to update members on developments in the current financial year.
- **b) Rescheduling of LOBOs** into fixed rate debt. We already have paragraph 8. Debt rescheduling so that may be a suitable point to add in information to update members on developments in the current financial year.

**5. WELSH AUTHORITIES**

Treatment of Money Market Funds and investments involving the purchase of loan capital etc

LAS comment: clients may need to check their current TMSS in order to ascertain whether some additions to approved investments can be made as a result of the updated 2018 regulations. If so, a specific resolution requesting member approval for specific additions of types of investment should be added to this report.

The 2018 No.325 (W.61) Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 have been issued which have introduced some changes to the treatment of certain types of treasury management investments. Paragraph 9 now makes clear that the following types of investment are not to be treated as being capital expenditure: -

**1.** A treasury investment involving the acquisition of loan capital, through a bond issued via grant or for financial assistance for a capital purpose will remain capital expenditure;

**2.** An investment in a money market fund;

**3.** An investment in the shares of a company to which Part 12 of the Corporation Tax Act 2010(1) (real estate investment trusts) applies;

**4.** The acquisition of shares in an investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961(2) (local authority investment schemes).

***Rhan o gyngor dderbyniwyd gan / An extract from advice received from: Link Asset Services***