

APPENDIX F

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 7TH JULY 2009

Title:

**TREASURY MANAGEMENT – INVESTMENT TRANSACTIONS
AND PERFORMANCE MEASUREMENT 2008/2009**

[Portfolio Holder for Finance: Cllr Mike Band]
[Wards Affected: N/A]

Summary and purpose:

The purpose of this report is to summarise Waverley's investment performance for the year 2008-2009 in accordance with Waverley's Treasury Management Policy and the Code of Practice on Treasury Management in Local Authorities.

How this report relates to the Council's Corporate Priorities:

The management of Waverley's investments is a key function that helps ensure sufficient funds are available to provide services and pay the Council's commitments. The monitoring report supports the Council's key objective of providing good value for money by showing how the Council's resources have been utilised.

Equality and Diversity Implications:

There are no implications arising from this report.

Resource and legal Implications:

There are no direct resource implications and the financial areas are covered in the report.

Introduction and Background

1. Waverley's Treasury Management Policy accords with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management in the Public Services.
2. The Policy requires officers to report on investment performance and transactions to a meeting of the Executive twice a year. This report covers the cumulative performance for the year ended 31st March 2009.

Investments – 2008-09 Performance

3. The rate of return on the Council's investments for the year ended 31st March 2009 was 5.64%. For comparative purposes Waverley has traditionally used

the London Inter-Bank Bid Rate (LIBID) seven-day rate as a benchmark. This has been calculated at 4.68% for the year. Annexe 1 shows the performance against the comparative rates.

4. The Local Performance Indicator LI8, which relates to investment performance, is shown below and indicates that performance in 2008-2009 compares well compared to the agreed target.

Full Description of PI	2007/2008 Actual	2008/2009 Target	2008/2009 Actual	2009/2010 Target
Average rate of return on the Council's investments compared with the average seven-day LIBID rate (London Inter-Bank Bid Rate)	0.32 % above the LIBID rate	0.05% above the LIBID rate	0.96% above the LIBID rate	0.25% above the LIBID rate

Investment Transactions

5. The analysis below shows the total transactions during the period 1st April 2008 to 31st March 2009 in respect of all external investments undertaken by the Council, together with balances outstanding as at 31st March 2009.

Investments

	Balance at 1st April 2008 £	Total Lent £	Total Repaid £	Balance at 31st March 2009 £
Temporary Investments	30,550,000	9,590,000	14,825,000	25,315,000

6. The temporary investments (i.e. investments repayable to the Council within one year) outstanding as at 31st March 2009, comprise £18,315,000 invested with specified institutions and £7,000,000 with non-specified institutions in accordance with the Council's current approved Investment Policy.

Treasury Management Policy

7. A comprehensive review of the treasury management strategy was undertaken earlier in the year and revised operating boundaries were approved by the Executive in February to ensure maximum security of investment in the current uncertain market conditions. The Deputy Chief Executive continuously reviews the effectiveness of these arrangements and officers do not consider that a further formal review of the policy framework is necessary at this time. However, CIPFA will be reviewing the Treasury Management Code of Practice later in 2009, when officers will review all treasury management arrangements.

8. Officers confirm that the principal objectives of managing daily cash balances to meet cash flow commitments and minimising investment risk by prudent placement of investments continue to have the highest priority. With these priorities it was not always possible to take full financial advantage of the rapidly changing market conditions during 2008/09. However, investment interest income for 2008/09 was some £300,000 in excess of budget. Members are also advised that, by adopting a relatively short-term lending strategy during the credit crisis, officers believe that investment risk during that period was minimised.

Recommendation

It is recommended that the Treasury Management Performance for 2008-2009 be noted.

Background Papers (DCEx)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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