

# WAVERLEY BOROUGH COUNCIL

## EXECUTIVE

**5 JUNE 2018**

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**Title:**

**TREASURY MANAGEMENT ACTIVITY – 2017/18**

[Portfolio Holder for Finance: Cllr Ged Hall]  
[Wards Affected: N/A]

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**Summary and purpose:**

The purpose of this report is to summarise Waverley's Treasury Management activities during 2017/2018.

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

The management of Waverley's cash is a key function that helps ensure sufficient funds are available to provide services and pay the Council's commitments.

**Equality and Diversity Implications:**

There are no implications arising from this report.

**Resource and legal Implications:**

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

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**Introduction and Background**

1. Waverley's Treasury Management Policy accords with the existing Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management in the Public Services.

**Treasury Activity 2017/18**

2. Officers have prepared four graphs that illustrate the current investment activity. The table below gives a brief description of each graph. The first graph is based on the total external investments held on 31<sup>st</sup> March 2018 of £58 million.

<b>Annexe Number</b>	<b>Description of graph</b>	<b>Comments</b>
Annexe 1	Plots the total balance of external investments held at weekly intervals throughout the year compared to previous years	The years since 2012/13 (HRA reform) have been left off the graph in order to make the graph easier to read. Generally major peaks and troughs in expenditure/income occur at similar times in each year – as the graph shows. Some capital

		investment/property acquisitions in the second half of 2017/18 have resulted in less cash available for investments than in 2016/17.
Annexe 2	Shows cumulative investment performance compared with bank base rate and market rate for 3 month terms obtained daily from the market	This graph shows 2017/18 performance at around 0.65% at year end compared to the target of 0.55%. The 3 month market rate reflects the increase in base rate in November 2017 and, interestingly, predicted a further increase in May 2018 – which did not arise. Waverley was able to obtain secure longer term investments during the year resulting in improved performance without compromising security.
Annexe 3	Shows the maturity profile of Waverley's investment holding.	The graph shows that 14% (£8m) of total investments were on call on 31/03/18. The graph also identifies a good spread of longer term investments which are at preferable rates thus aiding performance. All investments are pre-determined fixed rates and fixed periods with the exception of "call" money. The investment at a term over 1 year is with another Local Authority.
Annexe 4	Shows the approved ratings of Waverley's current investments. The letter indicates the latest credit rating and the "stable" or "negative" shows the future outlook rating judgment of Waverley's preferred rating agency. Local authorities are not usually specifically rated but considered to be comparable with Central Government credit worthiness.	The chart shows the % and value of investments within their credit rating range. It is noteworthy that £20m (34%) of investments were with other Local Authorities. This takes advantage of some authorities with a particular short-term need for cash at year end and achieved rates of 0.85% for 2 months – well above the market rate at the time.

### **Investment Performance 2017/18**

3. The Local Performance Indicator LI8, which relates to investment performance, is shown below.

Full Description of PI	2016/17 Actual	2017/18 Actual
Average rate of return on the Council's Investments compared with target	Actual at 0.73% Target 0.56%	Actual at 0.65% Target 0.55%

Note: Members are reminded that the base rate reduced during 2016/17 and increased during 2017/18. The 2017/18 target rates was prepared assuming no change to the base rate. Nevertheless, by targeting longer term rates wherever appropriate, performance was able to be maintained above the target rate. Members may note that the total interest receipts for 2017/18 was some £619,000 compared to a budget of £455,000 generated from an average daily investment of £73m.

### **Recommendation**

That the Executive notes the investment activity and performance in 2017/18 and notes and endorses performance.

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### **Background Papers:**

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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