

**Investment Strategy and Performance Annual Report 2017/18**  
 Report by Chief Financial Officer

**Summary:** This report sets out details of the Authority’s investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2018.

**Recommendation:** That the current arrangements regarding the investment of its unallocated cash are noted.

**1 Introduction**

1.1 It has been agreed that a six monthly report on the performance of the Authority’s investments will be presented to the Financial Scrutiny and Audit Committee, with a fuller ‘year end analysis’ at the July meeting, and a mid year progress report at the appropriate half year meeting.

**2 Investment Principles and Performance**

2.1 The investment of unallocated cash was governed by the Authority’s Treasury and Investment Strategy 2017/18 which agreed by the Authority on 24 March 2017. This is the first full year the Authority has managed this in house following it being brought in house in November 2016.

2.2 Unallocated cash sums are calculated by the Authority’s Finance staff and transferred to either a Fixed Term Deposit, Notice Account or remain within the instant access bank account. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2018 were:

	<b>Opening Balance</b>	<b>Closing Balance</b>	<b>Highest sum</b>	<b>Lowest sum</b>
Instant Access	£1.93 million	£1.53 million	£3.17 million	£1.19 million
Fixed Term *	£2 million	£2 million	£2 million	£2 million
95 Day Notice Account	£0	£500 thousand	£500 thousand	£0

\* During 2017/18 the Authority held two separate £1 million investments due for repayment on 05/09/18 and 04/03/19.

2.3 The figures for the previous year (2016/17) were:

	<b>Opening Balance</b>	<b>Closing Balance</b>	<b>Highest sum</b>	<b>Lowest sum</b>
Broadland District Council	£2.75 million	£0 million	£4.25 million	£0 million
Instant Access	£1.39 million	£1.93 million	£4.22 million	£352 thousand
Fixed Term	£0 million	£2 million	£2 million	£0 million

2.4 A transaction charge was made to cover the Council's costs in the administration of the investments (including bank charges for direct money transfers). For 2016/17 the actual interest receivable by the Broads Authority was based on the actual interest received on Broadland's internal investments.

2.5 The amount of interest received during 2017/18 was £22,577.01 based on interest rates ranging from 0.15% to 1%. Forecast interest for 2017/18 was £20,000. The sum received for 2016/17 was £14,770.70 based on interest rates that ranged from 0.31% to 1%.

2.6 Since the 2017/18 year end (31 March 2018), the 95 day notice account balance has increased to £1 million at the end of June. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. Cash flow is monitored on a weekly basis against budget profiling to ensure access to sufficient funds. The possibility to make additional fixed term deposits are limited due to the timing differences between grant expenditure and claim repayment.

2.7 The interest income budget for 2018/19 is £15,000 based on the assumption that interest receivable will slightly lower due to the decreased fixed term interest rates available. If there is a gradual improvement in interest rates and investment returns, the forecast will be reviewed and if necessary updated at the six month review (end September 2018) to inform year-end and budget planning.

Background papers: Treasury and Investment Strategy 2017/18

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Broads Plan Objectives: None

Appendices: Nil