

Investment Strategy and Performance Annual Report 2018/19
 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 2019.

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 Audit and Risk 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 2018/19 which was agreed by the Authority on 16 March 2018.

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 2019 were:

| | Opening Balance | Closing Balance | Highest sum | Lowest sum |
|-----------------------|------------------------|------------------------|--------------------|-------------------|
| Instant Access | £1.53 million | £1.14 million | £2.67 million | £661 thousand |
| Fixed Term * | £2 million | £2 million | £2 million | £2 million |
| 95 Day Notice Account | £500 thousand | £1.5 million | £500 thousand | £1.5 million |

* During 2018/19 the Authority held two separate £1 million investments due for repayment on 05/09/19 and 04/03/20.

2.3 The figures for the previous year (2017/18) were:

| | Opening Balance | Closing Balance | Highest sum | Lowest sum |
|-----------------------|------------------------|------------------------|--------------------|-------------------|
| 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 |

2.4 The amount of interest received during 2018/19 was £37,052.60 based on interest rates ranging from 0.4% to 1.1%. Forecast interest for 2018/19 was £35,000. The sum received for 2017/18 was £22,577.01 based on interest rates that ranged from 0.15% to 1%.

2.5 Balances on the Fixed Term Deposit and 95 day notice account have remained the same since 31 March 2019. The instant access has increased to £1.79 million. 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 external funded projects grant expenditure and claim repayment.

2.6 The interest income budget for 2019/20 is £30,000 based on the assumption that interest receivable will be broadly in line with that received in 2018/19. 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 2019) to inform year-end and budget planning.

Background papers: Treasury and Investment Strategy 2018/19

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Broads Plan Objectives: None

Appendices: Nil