

Mid Term Review - Treasury Management Activity

1. Introduction

- 1.1 The purpose of this report is to review the investment activity undertaken on behalf of the Partnership during the first half of the 2017/18 Financial Year.

2. Background

- 2.1 In accordance with Investment Regulations in Scotland the Partnership adopted the appropriate Codes of Practice and approved an Annual Investment Strategy at its meeting on the 2nd March 2017.

3. Mid Term Review - Annual Investment Strategy

- 3.1 As approved in the Partnership's Investment Strategy, the Partnership continues to maintain its bank account as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given (charged) on month end net indebtedness balances between the Council and the Board in accordance with the recently withdrawn Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). The methodology will continue to be used until new guidance on the treatment of interest charges is made available. In line with recent short term interest rates, the investment return/charge continues to be low, but the Board gains security from the counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the first half of the year were:

Opening Balance	£159,905.84
April	£177,001.86
May	£204,157.32
June	£328,878.40
July	£353,669.27
August	£454,246.87
September	£441,639.82

- 3.2 Although interest is not calculated until March, in line with the withdrawn guidance note, the interest rate averaged 0.103% during the first half of the financial year. This is a projected rate on current interest rates, if the Bank of England change UK Bank Rate then the figure may change marginally.

4. Recommendation

- 4.1 It is recommended that the Committee notes the investment activity undertaken on behalf of the Partnership.

Hugh Dunn
Treasurer

Appendix None

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