

## Mid Term Review Treasury Management Activity

### 1 Purpose of report

- 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 2020/21 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 6th March 2020.

### 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 and is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given (charged) on the month-end net indebtedness balance between the Council and the Board, in accordance with the former 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 its counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the first half of the year were:

	<b>Balance due to SEStran(+ve)/ due by SEStran (-ve)</b>
Opening Balance	-£11,926.69
30 April	-£250,906.58
31 May	£365,847.62
31 June	-£490,382.45
31 July	£307,968.03
31 August	£356,087.21
30 September	£339,361.85

- 3.2 Although interest is not calculated until March, in line with the withdrawn guidance note, the interest rate averaged -0.056% during the first half of the financial year. If the interest rate remains negative, the Partnership won't be charged for positive or negative balances. Interest will be floored at zero.

### 4 Recommendation

- 4.1 It is recommended that the Performance and Audit Committee notes the investment activity undertaken on behalf of the Partnership;
- 4.2 Refer the report to the Partnership Board for noting.

**Hugh Dunn**  
Treasurer

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**Appendix**      None

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