

Mid Term Review – Treasury Management Activity

28 November 2011

1. Introduction

- 1.1 The purpose of this report is to review the investment activity undertaken on behalf of the Board during the first half of the 2011/12 Financial Year.

2. Background

- 2.1 Following the introduction of new Investment Regulations in Scotland the Board adopted the appropriate Codes of Practice and approved an Annual Investment Strategy at its meeting on the 4th February 2011.

3. Mid Term Review - Annual Investment Strategy

- 3.1 The Board's Investment Strategy has been 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 on month end net indebtedness balances between the Council and the Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return continues to be small, 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:

Opening Balance	£607,666.36
April	£483,978.05
May	£653,785.02
June	£729,594.97
July	£668,213.72
August	£842,270.86
September	£815,353.79

- 3.2 Although interest is not calculated until March, in line with the guidance note, the interest rate averaged 0.469486% during the first half of the financial year.
- 3.3 LASAAC Guidance Note 2 was originally issued in 1991 and LASAAC have been undertaking a review of the guidance. The results of the review will be reported back to the Board once it has been completed.

4. Recommendations

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

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Treasurer.

Appendix

None

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