

**Chiltern District Council
Cabinet**

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| SUBJECT: | <i>Treasury Management – Annual Report 2014/15</i> |
| REPORT OF: | <i>Jim Burness, Director of Resources</i> |
| RESPONSIBLE OFFICER | <i>Helen O'Keeffe, Principal Accountant</i> |
| REPORT AUTHOR | <i>Helen O'Keeffe, hokeeffe@chiltern.gov.uk 01494 732781</i> |
| WARD/S AFFECTED | <i>All</i> |

1. Purpose of Report

- 1.1 To report on the Treasury Management performance of the Council for 2014/15.

RECOMMENDATION

The Cabinet is requested to note the investment performance for 2014/15.

2. Background

- 2.1 The Council is required to comply with the CIPFA Code of Practice on Treasury Management. The primary requirements of the code are:

- (i) Creation and maintenance of a Treasury Management Policy Statement, which sets out the policies, and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will achieve those policies and objectives.
- (iii) Receipt by the Cabinet and Council of an annual strategy report for the year ahead and an annual review report of the previous year.
- (iv) The delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

3. Annual Report on Treasury Management 2014/15

- 3.1 As a debt free authority the treasury management activities of the Council are exclusively concerned with the investment of its reserves, as the Council does not undertake any borrowing.

- 3.2 [The year saw the continuation of the low interest rate environment that has been the situation for a number of years now, with Base Rate remaining unchanged at 0.5%. During the year review of the Council's cashflow requirements has led to a modest shift from instant access funds to investments of up to one year at marginally better rates.](#)

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3.3 Officers invest cash flow surpluses with approved counter parties. Members approved a matrix for in house investments as part of the Treasury Management Strategy as follows.

| | Duration | Maximum Amount | Fitch Rating | Comment |
|----------------------------|---------------|----------------|----------------|---------------------------------|
| UK Institutions | Up to 5 years | £3m | A- or better | |
| | Up to 2 years | £2m | BBB+ or better | |
| Non UK Institution | Up to 2 years | £1m | A- or better | Sovereignty rating AA or better |
| Corporate Bonds/Bond Funds | Up to 3 years | £2m | A- or better | |
| Other Approved Investments | Up to 3 years | £1m | A- or better | |

3.43 Capita Asset Services Treasury is engaged by the Council as its Treasury Management consultants providing advice on investment, performance and regulations where necessary.

3.54 A summary of the movements in the year is as follows:

| | Fund Balance 1.4.2014 £000 | Fund Withdrawals £000 | Added to Fund £000 | Fund Balance 31.3.2015 £000 |
|---|----------------------------------|-----------------------------|--------------------------|-----------------------------------|
| Instant Access Deposits | 5,037 | 2,974,394 | | 2,263,043 |
| 95 Day Notice Access | 4,000 | | | 4,000 |
| Money Market Deposits – Iqnis/Invesco? | 2,090 | 52,430 | 54,340 | 4,000 |
| Fixed Deposits | 5,000 | 10,000 | 12,000 | 7,000 |
| Total | 16,127 | 65,173,424 | 66,344 | 17,298,043 |

Refer to how much £255,000 of the Instant Access deposit as at 31 March 2015 is held with our bankers Barclays.

3.65 A summary of the Council's Fixed Deposits as at 31st March 2015 is shown below:

| UK Institutions | Fitch Credit Rating | Principal £ | Interest Rate | Invested | Matures |
|----------------------|---------------------|-------------|---------------|----------|----------|
| Lloyds Banking Group | A | | | | |
| Fixed Deposit | | 1,000,000 | 1% | 05/11/14 | 05/11/15 |

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| UK Institutions | Fitch Credit Rating | Principal £ | Interest Rate | Invested | Matures |
|--------------------------------|------------------------|------------------|---------------|----------|----------|
| Fixed Deposit | | 1,000,000 | 1.55% | 02/06/14 | 02/06/17 |
| Fixed Deposit | | | | | |
| Fixed Deposit | | | | | |
| Barclays | A | | | | |
| Fixed Deposit | | 1,000,000 | 0.89% | 30/05/14 | 30/05/15 |
| Nationwide Building Society | A | | | | |
| Fixed Deposit | | 1,000,000 | 0.83% | 19/05/14 | 19/05/15 |
| Santander | A | | | | |
| Fixed Deposit | | 1,000,000 | 1% | 09/03/15 | 09/03/16 |
| Fixed Deposit | | 1,000,000 | 0.68% | 09/12/14 | 09/06/15 |
| Fixed Deposit | | 1,000,000 | 1% | 09/03/15 | 09/03/16 |
| Total Deposits | | 7,000,000 | | | |

4. Corporate Implications

4.1 A comparison between the actual and budgeted interest returns for 2014/15 is shown below:

| | Budget 2014/15 £000 | Actual 2014/15 £000 |
|----------|------------------------|------------------------|
| Interest | 110 | 124 |

4.2 Actual interest received from investments was slightly above the budgeted figure of £110,000. The budgeted income from investments for 2015/16 has been set at £110,000.

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| Background Papers: | None |
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