

Appendix 4 to Agenda Item 7

TREASURY MANAGEMENT ACTIVITIES 2nd QUARTER 2014 - 2015

1. Investment Performance

- 1.1.1 There was limited scope for achieving better than average returns on investments due to the continued low interest rates.
- 1.1.2 The Base rate remained at 0.50%
- 1.1.3 Long term Investment matured and repaid: Lloyds Bank repaid £1m which was a 5 year investment. 4% for year 1 and years 2 to 5 at 3 month Libor, but floored at 2.95% and capped at 6%
- 1.1.4 Breaches of Treasury Management Practices (TMPs) in the quarter were as follows:
- (a) 20.08.14. Svenska Handelsbanken Call Account. Extra £850k repaid in error due to confusion between funds requested and remaining balance in the account. Account was corrected on 21.08.14.
 - (b) 01.09.14. TI 3450 £2m placed with Coventry Building Society for 3 days. Whilst counter party met the Council's investment criteria, they were suspended due to recommendation of the Council's adviser. Approved list of institutions was not fully checked by dealer.
 - (c) 15.09.14. Exceeded Investment limit for 59 days by placing a further £1m with Cumberland Building Society for the period 15.09.14 to 11.12.14. Position corrected on 13.11.14 following the maturity of the other £1m investment. Existing investments not taken into account when new investment was agreed by dealer.
 - (d) On the following days additional income, mainly from NNDR, was received unexpectedly and not invested:
 - 15.09.14. £250k
 - 18.09.14. £500k

1.2 Investment Performance

Quarter Ended 30.09.14.

Investments	Actual Portfolio £m	Annualised Average Rate %
Call Accounts	6.65	0.61
Short Term Investments	27.00	0.53
Medium Term Investments	12.00	1.63
Long Term Investments	1.00	3.00
Total Investments	46.65	0.88
Market Indicators		
Local Authority 7 Day Deposit Index		0.35
3 Month LIBOR		0.56
3 Month LIBID		0.44

The investment income over the quarter was £109,995 which was £67,432 more than would have been achieved using the Local Authority 7 Day Rate.

1.3 Borrowing & Debt Repayment Activities

- Borrowing - None

1.4 Additional Performance Measures

- Investment Guidelines were adhered to.
- Daily cash flows were calculated, and forecasts of large payments were maintained.
- The External Debt Borrowing Limits for the Authorised Limit and the Operational Boundary were not exceeded.
- Weekly reports on investments were produced.
- The average credit rating for the quarter was generally above the A+ target. For the periods 31st July to 14th August and 30th September the average credit rating was AA-.