

TREASURY MANAGEMENT ACTIVITIES
3rd QUARTER 2015 - 2016

1.1 Investment Performance

- 1.1.1** The current performance and the rate of return being achieved continue to reflect the low interest rates available in the market, especially for short term investments.
- 1.1.2** The Base rate remained at 0.50%
- 1.1.3** To maximise income from investments, the treasury management policy aims to maintain combined daily current bank balances below £150,000. This limit was exceeded on the following days due to additional income being received after the daily cash flow and investment decisions had been taken:

<u>Date</u>	<u>Bank Balance</u>	<u>Note</u>
13 Oct	£310,596	1
15 Oct	£221,125	2
3 Nov	£346,071	3
16 Nov	£323,707	2
27-29 Nov	£1,942,686	4
15 Dec	£249,676	2
24-31 Dec	£163,343 - £811,376	5

Notes

1. Includes unexpected income of £176,800 from West Sussex County Council
2. Includes unexpected council tax & NDR receipts obtained after close of treasury management dealing.
3. The balance included an expected overage payment of £250,000. The timing of this receipt was uncertain and it was received too late in the day to invest.
4. The balance included a deposit of £1.84m intended for placement in Ignis Money Market Funds but due to an administrative oversight funds were not sent.
5. Funds accumulated over festive season during Council Office closure.

1.2 Investment Performance – Portfolio Position

Quarter Ended 31.12.15.

Investments	Average Portfolio £m	Annualised Average Rate %
Call Accounts	9.87	0.45
Short Term Investments	32.33	0.50
Medium Term Investments	12.00	1.53
Long Term Investments	3.00	1.85
Sub Total Treasury Investments	57.20	0.72
Property Investments	3.90	9.09
Total Investments	61.10	1.26

Market Indicators		Annualised Average Rate %
Local Authority 7 Day Deposit Index		0.49%
3 Month LIBOR		0.58%
3 Month LIBID		0.45%

Cumulative investment income in the year to 31 December 2015 was £563,521, comprising £297,030 for treasury Management investments, and £266,491 for property investment.

The return of 0.65% for treasury transactions is below the budget target of 0.80%, reflecting continued market conditions. The total estimated investment interest reflected in the approved 2015-16 revenue budget is £264,300. So whilst the rate of return being achieved is lower, the amount being generated is higher due to the higher level of balances available to invest being greater than forecast.

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 AA-, which is above the A+ target contained in the treasury management strategy.
- The limit of £20m for unsecured investments was exceeded in the period 4 to 24 December, and by a maximum of £1.46m on 15 December, due to temporary cash flow variations and the absence of opportunities to place funds elsewhere. Funds exceeding this limit were retained in the Council's own HSBC Bank Deposit account overnight.