

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder 20 January 2010
AUTHOR/S: Executive Director (Corporate Services) / Head of Accountancy

TREASURY MANAGEMENT

Purpose

1. To report on treasury management performance.

Considerations

2. The **Appendix A** shows details of investments to 11 January 2010 listing the counterparties, investment period, amount and rate of interest.
3. The original estimate for interest on balances for 2009/10 was £1.25 million as estimated in January 2009 when base rates were 1.50% and money market rates for example for three months were around 2.25%. The corresponding rates now are 0.50% and 0.54%. In addition, the amount available to invest has also been lower than expected. As a result, interest on balances is now estimated to be £0.870 million, being a further deterioration of £0.030 million on the previously reported figures.
4. The Council is part of a treasury management group which has always reported on annual performance but has now started reporting at the end of each quarter for the year then ended, e.g. the report for quarter 2 2009/10 is for the year from 1st October 2008 to 30th September 2009. The results of the first two rolling periods were reported to the November Finance and Staffing Portfolio meeting, the report for quarter 3 will be available in February.
5. The projected investment performance for the year 2009-10 is shown below:

	Projected return	Original Estimated return
Investments for more than one year	5.56%	5.92%
Investments for less than one year	1.95%	2.74%
Money Market Funds	0.56%	2.23%

6. The difference in return is due to a combination of factors; interest rates remaining at lower levels than anticipated, limitations on counterparties reducing opportunities for investment, investments being for shorter periods and restrictions placed on investment periods to individual counterparties.
7. The Investment Strategy will be reviewed in February.

Recommendations

8. It is recommended that the Finance and Staffing Portfolio Holder:
 - (a) Notes the treasury investment performance.

Background Papers: the following background papers were used in the preparation of this report:

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