

## Mid Term Review – Treasury Management Activity

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4 November 2019

### 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 2019/20 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 2019.

### 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 former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). The methodology will continue to be used until new guidance on the treatment of interest charges is made available. 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	£1,715,005.12
April	£1,530,455.18
May	£1,434,296.60
June	£1,533,331.90
July	£1,411,654.47
August	£1,740,972.94
September	£1,677,499.56

- 3.2 Although interest is not calculated until March, in line with the withdrawn guidance note, the interest rate averaged 0.565% during the first half of the financial year. This is also the currently projected interest rate, if the Bank of England alters the UK Bank Rate then the figure may change marginally.

