

Risk, Audit and Governance Committee

23 July 2024

Agenda item number 6

Investment Strategy and Performance Annual Report 2023/24

Report by Director of Finance

Summary

This report sets out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2024.

Recommendation

To note the arrangements regarding the investment of the Authority's unallocated cash.

1. Introduction

- 1.1. It has been agreed that a six-monthly report on the performance of the Authority's investments will be presented to the Risk, Audit and Governance Committee, with a fuller 'year-end analysis' at the July meeting, and a mid-year progress report at the appropriate half year meeting.

2. Investment Principles and Performance

- 2.1. The investment of unallocated cash was governed by the Authority's Treasury and Investment Strategy 2023/24 agreed by the Authority on 17 March 2023.
- 2.2. Unallocated cash sums are calculated by the Authority's Finance staff and transferred to either a Fixed Term Deposit or Notice Account or remain within the instant access bank account. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2024 are below.

Table 1

2023/24 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	1,097	1,239	3,155	504
32 Day Notice	513	539	539	539
95 Day Notice	2,500	2,500	2,500	2,500

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
DMO Fixed Deposits ¹	2,000	2,000	3,000	2,000

2.3. The figures for the previous year (2022/23) were:

Table 2
2022/23 Summary

Account type	Opening balance £000's	Closing balance £000's	Highest sum £000's	Lowest sum £000's
Instant Access	1,244	1,097	2,702	70
32 Day Notice	503	513	513	503
95 Day Notice	4,500	2,500	4,500	2,500
DMO Fixed Deposits	0	2,000	2,000	0

2.4. The amount of interest received during 2023/24 was £292,898.06 based on interest rates ranging from 1.6% to 5.51%. Forecast interest for 2023/24 was £280,000. The sum received for 2022/23 was £117,140.62 based on interest rates that ranged from 0.2% to 4.3%.

2.5. The initial investment on the 32-day notice account has remained the same since 31 March 2023 apart from small amounts of interest being added. The instant access has increased to £1.239 million, and the 95-day notice and Debt Management Office (DMO) have remained the same with interest being transferred to the current account once received.

2.6. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. Cash flow is monitored on a weekly basis against budget profiling to ensure access to sufficient funds. The ability to make additional fixed term deposits is limited due to the timing differences between external funded projects grant expenditure and claim repayment.

2.7. The interest income budget for 2024/25 is £180,000, which assumes that interest received would decrease compared to 2023/24 based on a drop in the forecast base

¹ Investments can be made over night or up to 6 months. The year-end balance is equally split and invested for 182 days each.

rate by the end of the financial year. Since the start of the new financial year interest rates have remained stable. Current interest rates for 2024/25 means that £29,000 has already been received and the forecast will be revisited over the coming year.

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Background papers: Capital, Treasury and Investment Strategy 2023/24

[Broads Plan](#) strategic objectives: All