

TREASURY MANAGEMENT – STRENGTHENING OF CORPORATE GOVERNANCE IN RESPONSE TO THE BANKING CRISIS

Extract from the Financial Planning and Control Report considered by the Finance and Property Advisory Board on 20 May 2009.

1.1 Treasury Management

Externally Managed Funds

- 1.1.1 The Council's Fund Manager achieved a return of 7.32% for the year ended March 2009, compared to a 7-day Libid benchmark of 3.63%. Investment income achieved for the year ended March 2009 is £952,700.
- 1.1.2 The significant rise in the return at 31 March can be attributed to the way the fund is valued and in particular the accumulation of unrealised capital gains on investments that have risen in value because of the recent falls in interest rates. It should be noted that if the investments are held to maturity in 2009/10, as is expected, these capital gains will not be realised and consequently unrealised gains should not be included within the investment return for the year. The investment return for the year ended March 2009 excluding unrealised gains is £758,850 which equates to a return in the order of 5.8%.
- 1.1.3 At the end of March 2009 the value of the fund stood at £14.5m.

Internally Managed Funds

- 1.1.4 Both core and cash flow funds are managed internally and the outcomes for each of these areas are shown separately below.

Core Funds

- 1.1.5 Internal management achieved a return of 6.07% for the year ended March 2009, compared to a 7-day Libid benchmark of 3.63%. Investment income achieved for the year ended March 2009 is £740,850.
- 1.1.6 At the end of March 2009 the value of the core fund managed internally stood at £10.0m. This was invested at an averaged rate of 6.16% and an averaged maturity of 1.27 years.

Cash Flow Funds

- 1.1.7 The Council achieved an investment return of 4.89% on its internal cash flow investments made for the year ended March 2009, compared

**TREASURY MANAGEMENT – STRENGTHENING OF CORPORATE
GOVERNANCE IN RESPONSE TO THE BANKING CRISIS**

**Extract from the Financial Planning and Control Report considered by
the Finance and Property Advisory Board on 20 May 2009.**

to a 7-day Libid benchmark of 3.63%. Investment income achieved for the year ended March 2009 is £430,450.

- 1.1.8 In cash terms, the value of cash flow funds managed internally at the end of March 2009 was £1.3m excluding the £1.0m Landsbanki investment. This was invested at an averaged rate of return of 1.18% and an averaged maturity of one day.