

Treasury Management – further strengthening of corporate governance through amendment of the Treasury Management Strategy Statement and Annual Investment Strategy for 2009/10

TONBRIDGE & MALLING BOROUGH COUNCIL

EXTRACT FROM FINANCE and PROPERTY ADVISORY BOARD

30 September 2009

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 FINANCIAL PLANNING AND CONTROL

This report brings together information on the Council's key budget areas of Salaries, Major Income Streams, Investment Income and the trading position of the Leisure Services Business Unit. The report also updates members on the variations that have been agreed in relation to the revenue budget and on areas identified through budgetary control. The performance of the key budget areas, together with the approved variations to the revenue budget and areas identified through revenue budget monitoring are then summarised to provide an indicative overall budget position. The report also updates members on capital expenditure and variations that have been agreed in relation to the capital plan.

1.3 Treasury Management

Externally Managed Funds

1.3.1 The Council's Fund Manager achieved a return of 2.08% for the period ended August 2009, compared to a 7-day Libid benchmark of 0.45%. Investment income achieved for the period ended August 2009 is £132,900.

1.3.2 At the end of August 2009 the value of the fund stood at £20.85m.

Internally Managed Funds

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

Core Funds

- 1.3.4 Internal management achieved a net return of 6.2% for the period ended August 2009, compared to a 7-day Libid benchmark of 0.45%. Investment income achieved to the period ended August 2009 is £258,000.
- 1.3.5 At the end of August 2009 the value of the core fund managed internally stood at £10.0m. This was invested at an averaged rate of 6.2% and an averaged maturity of 1.1 years.

Cash flow funds

- 1.3.6 The Council achieved a net return of 0.76% on its internal cash flow investments made for the period ended August 2009, compared to a 7-day Libid benchmark of 0.45%. Investment income achieved for the period ended August 2009 is £18,800.
- 1.3.7 In cash terms, the value of internally managed investments at the end of August 2009 was £5.53m. This was invested at an averaged rate of 0.78% and an averaged maturity of 0.1 years.

All investments

- 1.3.8 The combined return figure for externally and internally managed investments is compared with the original estimate for 2009/10 later in this report.
- 1.3.9 Members are invited to consider and comment upon the information set out at **[Annexes 3, 4 and 5]** in respect of investments held at 16 September, the lending lists as of the same date and the August report by Sector on our internally managed investments.