

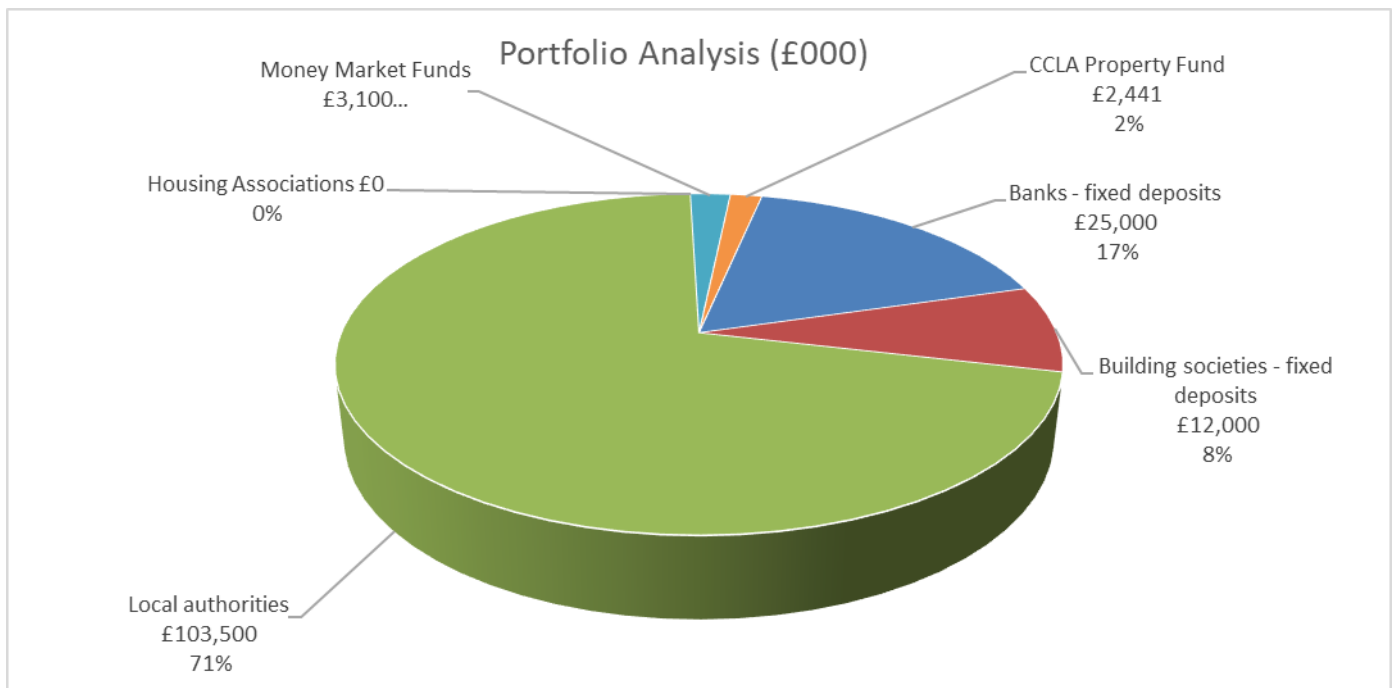
## VWHDC detailed treasury performance in 2023/24

## Council treasury investments as at 31 March 2024

1. The council's treasury investments analysed by age as at 31 March 2024 were as follows:

<b>Table 1: maturity structure of investments at 31 March 2024:</b>		
	<b>£000</b>	<b>% holding</b>
Money market fund	3,100	2%
<b>Cash available within 1 week</b>	<b>3,100</b>	<b>2%</b>
Up to 3 months	36,000	25%
4-6 months	46,500	32%
6 months to 1 year	40,000	27%
Over 1 year	18,000	12%
<b>Total cash deposits</b>	<b>143,600</b>	<b>98%</b>
CCLA Property Fund	2,441	2%
<b>Total investments</b>	<b>146,041</b>	<b>100%</b>

2. The majority of the funds invested were held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.
3. The investment profile is organised to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.
4. The chart below shows in percentage terms how the portfolio above is spread across investment types:



### Treasury investment income

5. The total interest earned on treasury investments during 2023/24 was £6.79 million compared to the original budget estimate of £3.94 million as shown in table 2 below:

Table 2: Investment interest earned by investment type			
Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Fixed term and call	3,878	6,664	2,785
CCLA Property Fund	65	128	63
<b>Total Interest</b>	<b>3,943</b>	<b>6,792</b>	<b>2,848</b>

6. The actual rate of return achieved was £2.8 million higher than the original budget. This was primarily due to UK interest rates rising to a higher level than anticipated when the budget was set.
7. The actual average rate of return on internally managed treasury deposits for the year was 4.22 per cent (1.54 per cent in 2022/23).

### Performance measurement

8. A list of treasury investments as at 31 March 2024 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £160 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the Treasury Management Strategy. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

## Appendix D

The £160 million does not represent the council's usable cash backed reserves, which at 31 March 2024 totalled £57 million including capital grants received in advance of spend. The difference represents the council's working capital balance and timing of cashflows.

**Table 3: Treasury investment returns achieved against benchmark**

	Benchmark return	Actual return	Growth (below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	5.12%	4.22%	-0.90%	3 Month SONIA
Property related funds (CCLA)*	(1.29%)	1.07%	2.36%	IPD balanced property unit trust index
* Returns include income and capital growth				

9. Daily cashflow balances are managed in-house with the portfolio of fixed-term deposits, call accounts and money market fund balances benchmarked against the three-month SONIA rate, which was an average of 5.12 per cent for 2023/24. The performance for the year of 4.22 per cent was below the benchmark by 0.90 per cent as existing deposits prior to the rise in market rates brought down the average portfolio returns.
10. The CCLA property fund initial principal investment of £2 million (April 2013) decreased in value during 2023/24 from £2.54 million to £2.44 million. Dividends received in the year totalled £0.13 million. Both the fall in capital value and the interest earned are included in the performance of -3.9 per cent achieved above. The capital loss is however not realised and so for comparison purposes, the actual rate of return of income received during the year is 5.12 per cent.

### Land and Property

11. The council holds a portfolio of investment properties, which includes land, offices and shops that are let on a commercial basis. These assets are valued on an annual basis and had an average net book value of £4.8 million during 2023/24 (£5.1 million as at 31 March 2023). Income generated was £0.15 million (£0.24 million in 2022/23). This is equivalent to a gross return of 3.18 per cent.
12. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with other classes of investment.

### Liquidity and yield

13. The council uses short-term investments to meet daily cash-flow requirements and also aims to invest a proportion of the portfolio in longer-term instruments where possible.
14. The average daily balance held in short-term notice accounts during 2023/24 was £18.9 million.