

PATROL ADJUDICATION JOINT COMMITTEE
Executive Sub Committee
29th January 2013
Item 15

REPORT FOR RESOLUTION

SUBJECT: Annual Investment Strategy 2013/14
REPORT OF: The Lead Officer on behalf of the Advisory Board

PURPOSE OF REPORT

To report on investments during 2012/13 and request the Joint Committee to approve the annual investment strategy for 2013/14.

RECOMMENDATIONS

It is recommended that the Joint Committee:

[i] Approves the Annual Investment Strategy 2013/14

FINANCIAL CONSEQUENCES FOR THE REVENUE BUDGET

There are no immediate consequences to the budget other than to secure additional income through interest.

CONTACT OFFICER

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1.0 INTRODUCTION

1.1 The Joint Committee or its Executive Sub Committee will be responsible for approving the Joint Committee's Annual Investment Strategy on at least an annual basis.

1.2 The Head of Service will prepare the Annual Investment Strategy in consultation with the Joint Committee's Treasurer (the Host Authority's Section 151 Officer)

1.3 The Annual Investment Strategy will be informed by the Joint Committee's Risk Management Strategy. The Joint Committee has determined:

"We will avoid risks that threaten our ability to undertake our principal objectives in a way which provides quality and value. We will maintain a sufficient level of reserves to support liquidity and absorb short term fluctuations in income and expenditure beyond our control"

1.4 The impact of actions undertaken under the Annual Investment Strategy will be monitored and reported to the Joint Committee in terms of benefit and impact on day to day financial management.

1.5 The Annual Investment Strategy is informed by the CIPFA Code "Treasury Code" (2009) with regard to proportionality given the size of the Joint Committee's resources.

2.0 REVIEW OF 2012/13

2.1 The 2012/13 Reserves Policy Statement identified three specific elements of reserves:

- Operating Reserves, to ensure continuation of services – the level for 2012/13 was £626,752
- Property reserves – to provide assurance to the Host Authority in respect of entering into the lease - £408,000
- Capital investments - £424,500 has been set aside to support technological improvements

2.2 The following amounts were placed on a 3 month deposit:

£626,752 at an interest rate of 1.34%

£408,000 at an interest rate of 1.34%

£424,500 at an interest rate of 0.75%

2.3 The three month deposit period has been determined because of the risk of having to withdraw the operational reserve or the property reserve within the three month period is low.

2.4 Amounts are invested so that there is an investment maturing each month. Therefore is required, cash flow issues can be addressed.

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- 2.5 At this time only the approved reserves have been placed within fixed rate deposit accounts. The minimum value which must be retained within the ordinary account is £25,000.
- 2.6 The Joint Committee's cash flow will continue to be monitored to explore the possibility of future investment gaining a higher return on cash balances.
- 2.7 Investments will be spread over at least two banks to reduce risk.

3.0 ANNUAL INVESTMENT STRATEGY 2013/14

- 3.1 The current deposit arrangements have been in place for six months and no cash flow issues have been encountered.
- 3.2 It is proposed to continue to place the approved reserves on three month deposit accounts on a rolling three month basis.
- 3.3 Investments will only be made with UK, low risk banks in the form of placing in fixed term deposit accounts. This is a low risk option to investing.
- 3.4 Investments will be spread over at least two banks to reduce risk.
- 3.5 Cashflow will be monitored to establish whether the amount placed on deposit can be increased and, should this be the case, a further report will be presented to the Joint Committee.
- 3.6 It is proposed to review the investment strategy with the new Host Authority.

4.0 RECOMMENDATIONS

It is recommended that the Joint Committee:

- [i] Approves the Annual Investment Strategy 2013/14