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**TREASURY MANAGEMENT BENCHMARKING -  
SECURITY, LIQUIDITY AND YIELD**


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**Purpose of the Report**

1. To provide Audit Committee with details of outturn relating to the benchmarking of investments up to the end of May 2010 against the benchmarks set for 2010/11 for the Security, Liquidity and Yield of Investments.

**Background**

2. At the meeting of Audit Committee on 22 January 2010 it was requested that Audit Committee be made aware of the results of benchmarking for the Security, Liquidity and Yield of Investment held by the Council at future meetings.

**Information and Analysis**  
**Security**

3. This indicator relates to the security of the Councils investments and is measured as a percentage of the investment that could be at risk should the counterparty default, the measure used relates to historic defaults.

<b>Maximum</b>	<b>Benchmark 2010/11</b>	<b>Actual APRIL/MAY</b>
<b>Year 1</b>	<b>0.03%</b>	<b>0.00%</b>
<b>Year2</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Year 3</b>	<b>0.00%</b>	<b>0.00%</b>

**Liquidity**

4. This benchmark measures the weighted average life of the Councils investment.

	<b>Benchmark</b>	<b>Actual APRIL/MAY</b>
<b>Weighted Average Life</b>	<b>0.5 to 1.25Years</b>	<b>0.2 Years</b>

5. In addition to the above benchmark the Council also maintained an overdraft facility of £0.500M and liquid deposits of at least £3.000M available within one weeks notice.
6. At the end of May 2010 the Council had investments of £21.885M made up of:

<b>Period of Notice</b>	<b>Amount £M</b>
Call	10.885
Up to 1 year	9.000
More than 1 Year (1.28 years)	2.000
<b>Total Investments</b>	<b>21.885</b>

## Yield

7. Yield relates to the return on investments measured against a number of comparative rates

Type of Investment	Benchmark of Comparative Rates	Actual Rate Achieved April/May 2010
Short Term - cashflow	0.41%	1.41%
Longer term - Capital	0.84 %	2.23%

8. The Actual rate achieved include a number of investment that were placed when rates were higher, as these fall out of the calculation the margin between the benchmark and the actual rate achieved will reduce.

9. Both the Security and Liquidity benchmarks are new measures and they have not been measured or monitored in this way in the past.

10. All of the actuals against the benchmarks are satisfactory.

## Recommendations

11. It is recommended that Audit Committee receive the results of the Security, Liquidity and yield benchmarking to date for 2010/11.

**Paul Wildsmith**  
**Director of Corporate Services**

## Background Papers

Treasury Management Records

Elaine Hufford : Extension 2447