



TREASURY MANAGEMENT UPDATE: 2023/24 ANNUAL REPORT

1 PURPOSE OF REPORT

- 1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2 LINKS TO COUNCIL'S PRIORITIES AND OBJECTIVES

- 2.1 Sound treasury management is an enabler, underpinning all of the Council's activity.

3 RECOMMENDATION

- 3.1 It is proposed that the Committee **RESOLVES**

(1) To note the 2023/24 annual treasury management report and submit to Cabinet for their noting.

4 INTRODUCTION

- 4.1 Treasury management is: "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 4.2 The Code of Practice requires the Council to set annually a Treasury Management Strategy and Investment Strategy. The strategies for the 2023/24 financial year were approved by Council in February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being the security of capital, liquidity and yield.

- 4.3 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs there is a benefit to seeking out investment periods of up to 12 months with high credit rated financial institutions, assessed using the Link suggested creditworthiness approach.
- 4.4 This report confirms that Treasury Management activity during the year was undertaken in accordance with the strategy and in consultation, where appropriate, with the Council's external adviser Link Asset Services.

5 BORROWING

- 5.1 A summary of external borrowing as at 31 March 2024 is in **Annexe A**. The principal amounts are shown in this annexe but differ to the Statement of Accounts where the amounts for borrowing are required to also include interest outstanding.
- 5.2 **Annexe A** shows that interest paid on both General Fund and HRA borrowings for the year was as budgeted. This comes as no surprise given the rates of interest are fixed and the Council did not take out any new loans or repay any existing loans ahead of schedule.
- 5.3 The Council operated within treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement throughout the year.

6 INVESTMENTS

- 6.1 The Council's investment policy is governed by MHCLG guidance, which was implemented in the annual Investment Strategy approved by Council in February 2023. The policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data where relevant.
- 6.2 **Annexe B** summarises the Council's activities for the year relating to the temporary investment of surplus funds:
- The average daily balance was £43.1m in 2023/24 (£44.4m in 2022/23)
 - The managed funds earned an average rate of return of 4.59%.
 - The comparable performance indicator is the average Overnight SONIA rate, which was 4.96%.
 - Actual interest received in the year was £1.977m.

7 BENCHMARKING

- 7.1 The position on three benchmark indicators for 2023/24, as explained in the annual Investment Strategy, is reported as follows:

- Security – Weighted Credit Rating Score for the year of 5.26 (5.06 in 2022/23) exceeded the target of 4.0.
- Liquidity – Weighted Average Life was at a highly liquid level, averaging 101 days over the year (73 days in 2022/23).
- Yield – Interest received on investments – the rate achieved was lower than the benchmark rate as reported in paragraph 7.2 above.

8 FINANCIAL IMPLICATIONS

8.1 There are no financial implications arising from this report.

9 LEGAL IMPLICATIONS

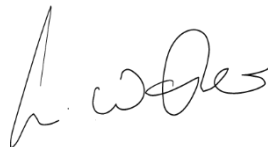
9.1 There are no legal implications arising from this report.

10 HUMAN RESOURCES IMPLICATIONS

10.1 There are no human resources implications arising from this report.

11 EQUALITY AND DIVERSITY IMPLICATIONS

11.1 An Equality Impact Assessment has not been completed as no decision is being made.



Lance Wosko

Assistant Director, Finance & Procurement (Section 151 officer)

Background Papers:

2024/25 Treasury Management and Investment Strategy.

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Summary of Loan Transactions and Interest Payable (accrued daily) for the year to 31st March 2024

Loan transactions activity for the year

	Amount o/s 01/04/2023 £000's	Loans Repaid £000's	Amount o/s 31/03/2024 £000's
Public Works Loan Board			
General Fund	6,300	900	5,400
HRA	27,000	0	27,000
Totals for the Council	33,300	900	32,400

Interest payable Comparison of estimate with actual

Budget Profile to 31/03/2024 £000's	Actual Interest to 31/03/2024 £000's	Variance 31/03/2024 £000's
61	61	0 0.0%
844	844	0 0.0%
905	905	0 0.0%

Interest rates for the year

	Range of loans		Average
	From	To	
General Fund	1.08%	1.08%	1.08%
HRA	2.76%	3.43%	3.13%
Totals for the Council	1.08%	1.08%	2.77%

Base rate history

04/08/2022	1.75%
22/09/2022	2.25%
03/11/2022	3.00%
15/12/2022	3.50%
02/02/2023	4.00%
23/03/2023	4.25%
11/05/2023	4.50%
22/06/2023	5.00%
03/08/2023	5.25%
31/03/2023	5.25%

Summary of Temporary Investments and Interest Received (accrued daily) for the year to 31st March 2024

Type of Borrower	Amount Invested 01/04/2023 £000's	Made £000's	Repaid £000's	Amount Invested 31/03/2024 £000's
Investments by Value:				
Treasury bills	0	0	0	0
Local Authorities	3,000	15,000	3,000	15,000
Money Market Funds	13,620	162,690	168,010	8,300
Debt Management Office	5,800	51,100	56,900	0
Notice accounts	1,000	0	0	1,000
Uk Banks-Fixed Deposit Account	14,000	8,000	14,000	8,000
Investments	37,420	236,790	241,910	32,300
Lloyds current account	265	0	85	180
Cash equivalents	265	0	85	180
Total	37,685	236,790	241,995	32,480
	Number	Number	Number	Number
Number of Investment Transactions:				
Treasury bills	0	0	0	0
Local Authorities	1	3	1	3
Money Market Funds	15	31	34	12
Debt Management Office	1	11	12	0
Notice accounts	1	0	0	1
Uk Banks-Fixed Deposit Account	4	2	3	3
Investments	22	47	50	19
Lloyds current account	1	0	0	1
Cash equivalents	1	0	0	1
Total	23	47	50	20

Interest Received on Temporary Investments for the year to 31st March 2024

	£000's
Actual Interest Received	1,977
Revised estimate	2,013
Variance	-36 -2%

Temporary Investments

	£000's
Average Balance for the Period	43,116
Average Interest Rate for the Period	4.59%
Benchmark: Average Sonia Overnight(O/N)	4.96%