

Annual Treasury Management Report 2023/24



Report to:	Cabinet
Date:	10 December 2024
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance
Lead Officer:	Jacqueline Van Mellaerts, Assistant Director – Finance (01279) 446251
Contributing Officer:	Joanna Barnett, Corporate Accounting Technician (01279) 446226
Key Decision:	No
Forward Plan:	Forward Plan number I017610
Call In:	This item is not subject to call in procedures because it stands as a recommendation to Full Council
Corporate Mission:	Deliver High-Performing Council Services
Wards Affected:	None Specific

Executive Summary

A Cabinet is required to review the Annual Treasury Management Report for 2023/24. The Authority's treasury management strategy for 2023/24 was approved at a Full Council meeting on 23 February 2023. The Council has operated within this Treasury Strategy and the key information is included within Appendix A in compliance with the CIPFA Code.

Recommended that:

A Cabinet notes the annual Treasury Management Report for 2023/24 (Appendix A to the report), and that the Council operated within the Treasury Management Strategy Statement during 2023/24; the report is recommended to Full Council for approval.

Reason for decision

- A** In complying with latest Codes of Practice, Full Council is required to receive an annual report on the prior years' treasury management functions of the Council, which should also receive review by Cabinet in advance of its presentation to Full Council.
- B** The Prudential Indications are also required to be reported to Full Council. These are included within the annual Treasury Management report.

Other Options

- A** No other options are required to be considered as consideration is a statutory requirement and the report presents factual information.

Background

1. Treasury management is defined as "The management of the Council's investments and cash flows, it's 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."
2. During 2023/24 the minimum reporting requirements were that Full Council should receive the following reports:
 - An annual treasury strategy in advance of the year (Full Council 23 February 2023)
 - A mid-year treasury update report (Full Council 15 January 2024); and
 - An annual review following the end of the year describing the activity compared to the strategy (this report).
3. The annual report for 2023/24 has been produced in compliance with the Code and is set out in Appendix A to this report. The regulatory environment governing treasury management places onus on Councillors for the review and scrutiny of treasury management policies and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Council.

Issues/Proposals

4. As stewards of public funds, the Council continues to take all practical steps to protect its investment portfolio. In this respect, emphasis remains in this order or priority: security, liquidity and yield.
5. Security is defined as "reducing risk in order to protect the return of capital sums, particularly in relation to the Council's investments". In practice this means placing

investments with organisations which have a high-quality credit rating. Liquidity means “ensuring that investments are not committed for excessive time periods in order to facilitate the Council’s cashflow requirements and to reflect the risk of not having immediate access to funds”. Yield is “obtaining a reasonable return on investments”.

6. The advice from the Council’s Treasury Management advisors, Arlingclose, is that the Council must aim towards a good investment spread as the best defence against a possible Capital loss. As a result, and within the overarching powers given by Councillors in the Treasury Management Strategy, the Council held investments with the CCLA (the Local Authority Property Fund), a Cash-Plus Fund, Money Market Funds, Local Authorities and the Treasury’s Debt Management Office. It does not currently hold and investments with Banks and Building Societies, other than funds held with it’s own banker Barclays Bank plc.

Implications

Equalities and Diversity

None Specific.

Climate Change

The Council will work with Arlingclose to ensure its Treasury Management activities reflect best practice with respect to Environmental, Social and Governance issues.

Finance

As contained within the report.

Author: Jacqueline Van Mellaerts, Assistant Director – Finance and Section 151 Officer

Governance

Under Section 1 of the Local Government Act 2003 (the Act) the Council may borrow money for any purpose relevant to its functions under any enactment, or for the purpose of the prudent management of its financial affairs. The Act and supporting regulations also require the Council to ‘have regard to’ the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice.

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Appendices

Appendix A – Annual Treasury Management Report 2023/24

Background Papers

Treasury Management Strategy 2023/24

Glossary of terms/abbreviations used

None