

**TITLE: TREASURY OPERATIONS MID-YEAR REVIEW 2023-24**

Committee: Finance and Assets Committee

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## **1.0 ISSUE**

1.1 To provide Members with an update on the Council's 2023/24 Treasury Management Strategy.

## **2.0 RECOMMENDATION(S)**

2.1. Members are asked to recommend to Full Council that the mid-year review of the Council's Treasury Management Strategy for 2023/24, as set out in Appendix 1, be noted.

## **3.0 BACKGROUND/OPTIONS**

3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires councils to adopt the revised Code and fully comply with its requirements.

3.2 This report complies with the requirement for a mid-year review.

3.3 The size of the Council's investment portfolio is relatively small and often short-term meaning that investment decisions are made so liquidity and cash flow requirements are the priority focus, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.

3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but has been included in this covering report for completeness. ECTC is paying a commercial rate of interest on its loan from the Council – this to avoid breaking State-Aid rules.

3.5 The Council's 2023/24 Treasury Management Strategy and budget detailed an expected return on investments of £511,340, with then a further £290,250 of interest on the loan to ECTC.

## **4.0 RESULTS**

4.1 During 2023/24 the Council has operated within its approved treasury limits and Prudential Indicators; no changes have been made to the counterparty values detailed in the Annual Treasury Management Strategy.

- 4.2 Interest rates on offer to the Council from Money Market Investment Deposit Accounts or fixed term deposits have increased during the year, our average interest rate when the budget was built in February 2023 was 3.9% and this has increased to 5.19% as at 30<sup>th</sup> September 2023. The interest receipts generated on these investments to the end of September 2023 were £784,865 significantly above that forecast in the budget.
- 4.3 As at 30<sup>th</sup> September 2023, the Council had cash investments of £38.599 million (£37.98 million 2022), details of these investments are included in Appendix 1. With a further £6.0 million (£4.9 million 2022) loan to ECTC.
- 4.4 While the loan to the Company is not specifically an investment, it generated the Council interest receipts, £134,630 up until 30<sup>th</sup> September 2023.
- 4.5 In total, the combination of interest receipts on both general investments and the loan to ECTC, are forecast to come in around £700,000 above budget at yearend.

## **5.0 INTEREST PAYMENTS**

- 5.1 The Council has remained external debt free during the first six months of the financial year, and with the healthy cash balance at the end of September, it is expected to remain so for the remainder of the year.

## **6.0 CONCLUSIONS**

- 6.1 The Council's Treasury Management Strategy, as approved on 21<sup>st</sup> February 2023, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year.
- 6.2 It should be noted that the economic and interest rate forecasts detailed in appendix 1 were those in place as at the 30<sup>th</sup> September 2023.

## **7.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT**

- 7.1 It is now anticipated that the Treasury Management function will provide additional income of £700,000, when compared to the approved budget.
- 7.2 An Equality Impact Assessment (EIA) is not required.
- 7.3 A Carbon Impact Assessment (CIA) is not required.

## **8.0 APPENDICES**

Appendix 1: Mid-year Review report 2023/24

### **Background Documents:**

Treasury Management Strategy as approved by Full Council on the 21<sup>st</sup> February 2023.