

**TITLE: 2023/24 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW**

Committee: Finance and Assets Committee

Date: 27<sup>th</sup> June 2024

Author: Director, Finance

Report No: Z20

Contact Officer:

Ian Smith, Director, Finance

[ian.smith@eastcambs.gov.uk](mailto:ian.smith@eastcambs.gov.uk); 01353 616470; Room 104, The Grange, Ely

## **1.0 Issue**

- 1.1 To report on the Council's treasury operations during the 2023/24 financial year.
- 1.2 This report reviews the Treasury Management activity during the financial year 2023/24 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

## **2.0 Recommendation**

- 2.1. Members are asked to recommend to Full Council that they approve this report detailing the Council's treasury operations during 2023/24, including the prudential and treasury indicators, as set out in the Annual Treasury Management Review (Appendix 1).

## **3.0 Background / Options**

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators each year, this is the report for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 3.2 During 2023/24 the minimum reporting requirements were that

(1) Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (approved by Full Council on the 21<sup>st</sup> February 2023);
- a mid-year treasury update report, (this was reviewed by Finance and Assets Committee on 23<sup>rd</sup> November 2023 and approved by Full Council on the 20<sup>th</sup> February 2024);

## Agenda Item 10 - Appendix A

- an annual review following the end of the year, describing the activity compared to the strategy (this report).

(2) A further Member Committee should receive

- reports at the end of the other quarters (these were incorporated into the Finance Reports presented to Finance and Assets Committee on the 23<sup>rd</sup> November 2023 and 25<sup>th</sup> January 2024).

### 4.0 Results

- 4.1 Cash investments totalled £31.579 million as at 31<sup>st</sup> March 2024, an increase of £1.638 million on the previous year. The Council's cash investments were all for periods of less than one year.
- 4.2 The increase in cash is mainly as a consequence of the Council's overall underspend in 2023/24 and increased levels in the Council Tax and Business Rates Collection Funds as these were not impacted by the cost of living crisis to the degree forecast when the original budget was set.
- 4.3 The Council's loan to ECTC decreased from £6.0 million at 31<sup>st</sup> March 2023 to £5.0 million at 31<sup>st</sup> March 2024.
- 4.4 Interest received during the financial year was £2,115,332, which was £1,313,742 above the budget of £801,590. This figure was made up of £1,859,879 from investment in money markets and other short, fixed term investments and £255,453 from the loan to ECTC.
- 4.5 The average rate of return on cash investments held during the year (this excludes the loan to ECTC) was 5.492%.

### 5.0 Conclusions

- 5.1 The size of the Council's investment portfolio has historically been relatively small, meaning that investment decisions have had to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. While the value of the portfolio is now higher than in previous years, these disciplines have been retained, although opportunities for some pro-active investment decisions were taken during the year, with funds being moved to longer-term investments (three and six month) and away from overnight accounts.
- 5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

### 6.0 Additional Implications Assessment

- 6.1 In the table below, please put Yes or No in each box:

**Human Resources (HR)  
Implications**

<b>Financial Implications Yes</b>	<b>Legal Implications No</b>	<b>No</b>
---------------------------------------	----------------------------------	-----------

**Agenda Item 10 - Appendix A**

<b>Equality Impact Assessment (EIA) No</b>	<b>Carbon Impact Assessment (CIA) No</b>	<b>Data Protection Impact Assessment (DPIA) No</b>
----------------------------------------------------	--------------------------------------------------	------------------------------------------------------------

**6.2 Financial Implications**

The additional income gained from interest receipts has contributed to the Council's net underspend in 2023/24, as detailed in the Yearend Finance Report also on this meeting's agenda.

**7.0 Appendices**

Appendix 1 - Annual Treasury Management Review 2023/24

**8.0 Background Documents:**

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

