

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

Title of Report:	<b>Mid-Year Treasury Management Review Report 2022-23</b>
Meeting of:	Council
Date:	11 <sup>th</sup> December 2023
Is this an Executive Decision:	NO
Is this a Key Decision:	NO
Is the report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	-
<b>Essential Signatories:</b>  <b>ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE</b>  Monitoring Officer – John Teasdale  Date ..... Signature .....	
Interim Chief Financial S151 Officer – Stephen Fitzgerald  Date ..... Signature .....	

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

Report to Council

Date 11<sup>th</sup> December 2023

<b>TITLE:</b>	<b>Mid-Year Treasury Management Review Report 2023-24</b>	
<b>PORTFOLIO:</b>	<b>Finance and Treasury Management</b>	
<b>HEAD OF SERVICE:</b>	Stephen Fitzgerald	
<b>CONTACT OFFICER:</b>	James Hopwood – Chief Accountant	ext. No. 1139
<b>WARD(S) AFFECTED:</b>	All	

**1. Purpose of the Report**

- 1.1 The Council has a duty to comply with the Treasury Management Code of Practice, published by the Chartered Institute of Public Finance and Accountancy. The code requires authorities to present a mid-year report on their treasury management activities. This report fulfils this requirement, providing an update against the Treasury Management Strategy Statement (TMSS), setting out current investment and borrowing portfolios and outlining any other treasury related matters.

**2. Contribution to Corporate Priorities**

- 2.1 By minimising the cost to the Council of borrowing associated with capital spending, whilst at the same time maximising the Council's income from the investment of surplus funds and maintaining the security and liquidity of those funds, this provides underlying support to all corporate priorities.

### **3. Mid-Year Treasury Management Report – Executive Summary**

3.1 This is one of three Statutory Treasury Management Reports which are required to be presented to Council each year. This report is firstly scrutinised by the Audit Committee and where appropriate recommended by the Audit Committee for approval to Full Council on the 11<sup>th</sup> December 2023.

3.2 The Mid-Year Treasury Management Report is one of three Statutory Treasury Management reports. All three statutory are scrutinised by Audit Committee before approval by Full Council. They are itemised below:

- Treasury Management Strategy
- Mid-Year Treasury Update (this report)
- Treasury Management Outturn

3.3 Additionally quarterly reports on Treasury Management will also be rolled later in the year. These quarterly reports will enable further scrutiny of Treasury Management operations but there is no regulatory requirement for approval from Full Council.

#### **3.4 An Economic Update**

3.4.1 The attached report provides an economic update and reflects the volatility that has taken place during the first half of the year. This includes the high inflation levels, a bank rate of 5.25% and high gilt levels.

#### **3.2 A review of the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy**

3.2.1 The TMSS was approved on 20<sup>th</sup> February 2023 and establishes the Council's investment priorities as being the security of capital, liquidity and the achievement of the optimum returns commensurate with the proper levels of security and liquidity in line with the Professional Codes issued by the Chartered Institute of Public Finance and Accountancy.

3.2.2 Borrowing and investments have been in line with the approved strategy and there have been no deviations. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions using the treasury advisors creditworthiness approach, including minimum sovereign credit rating and credit default swap (CDS) overlay.

3.2.3 The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2023/24.

#### **3.3 The Council Investment portfolio for 2023/24**

3.3.1 Investments stood at £61.2m as at 30th September 2023, with a daily average of £68.9m for the first six months of the year. With the bank rate increasing during the first half of the year, standing at 5.25% at the end of September.

3.3.2 The investment portfolio includes certificates of deposits and call accounts held with a number of UK banks, highly rated foreign banks, UK Government Treasury Bills as well as a deposit account and AAA rated money market funds. These instruments offer significant counterparty strength as well as diversification of the portfolio.

#### 3.4 The Council Borrowing Strategy and debt rescheduling for 2023/24

3.4.1 By statute, the Council can only borrow to finance the Capital Programme. The Treasury Strategy did not anticipate any new borrowing in 2023/24. Further, the Strategy set out a plan to make additional voluntary debt repayments.

3.4.2 Cumulative debt outstanding for past Capital Programme spend is known technically as the Capital Financing Requirement (CFR). The Council amalgamates all its cash flows from different funds and only borrows externally where there is a requirement to do so. However, a lower CFR will generally increase the Council's cash balances.

3.4.3 The Council's external debt as at 30<sup>th</sup> September was £6.4m. This a reduction compared to the start of the financial year because in April 2023, the Council repaid £4.5m of external loans. This was because it was financially beneficial for the Council to repay the debt earlier and had sufficient cash to do so.

#### 4. Financial Considerations

*This section has been approved by the following member of the Finance Team: (Stephen Fitzgerald).*

4.1 The report is solely related to financial matters.

#### 5. Risk Assessment and Management

5.1 The main risks associated with this report and the Council achieving its objectives are the same as those contained within the Treasury Management Strategy Statement.

#### 6. Legal Considerations

This section has been approved by the following member of the Legal Team: [John Teasdale]

6.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

6.2 Furthermore, the Local Government Act 2003 requires local authorities "to have regard" to the Prudential Code for capital finance. This report supports this requirement.

## **7. Equality and Health**

7.1 Equality impacts: The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

## **8. Human Rights**

8.1 There are no Human Rights issues arising from this Report.

## **9. Sustainability (including climate change & change adaptation measures)**

9.1 There are no related issues within this report.

## **10. Data Protection Implications – Data Protection Impact Assessment (DPIA)**

10.1 A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

## **11. Recommendation**

11.1 To approve the mid-year Treasury Management Report as set out in Appendix A.

## **12. Background papers**

12.1 Treasury Management Strategy Statement 2023/24 – approved by full Council on 20th February 2023.

## **13. Appendix**

13.1 Mid- Year Treasury Management Report – Appendix A.