



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Mid-Year Treasury Management Review Report 2024-25	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Audit Committee - 27 November 2024	



<p>Is this an Executive Decision:</p>	<p>YES</p>	<p>Is this a Key Decision:</p>	<p>NO</p>
<p>Is this in the Forward Plan:</p>	<p>YES</p>	<p>Does this report contain Confidential or Exempt Information:</p> <p>If the report Contains Confidential Information, please provide reason.</p> <p>If the report contains Exempt Information, please state relevant paragraph from Schedule 12A LGA 1972:</p>	<p>NO</p>



Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **John Teasdale**

Date Signature

Chief Finance Officer: **Lloyd Haynes**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Audit Committee

Date: 27 November 2024

REPORT TITLE: Mid Year Treasury Management Review Report

PORTFOLIO: Finance and Treasury Management

HEAD OF SERVICE: Lloyd Haynes – Head of Finance

CONTACT OFFICER: Daniel Binks, Chief Accountant Ext. No. 1139

WARD(S) AFFECTED: 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. Executive Summary

2.1 This is one of three statutory Treasury Management Reports presented on an annual basis. It provides a review of the Council's investment and borrowing position at the mid-year point, a review of the Treasury Management Strategy Statement and Annual Investment Strategy, as well as a general economic update.

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

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

2.3 Additionally quarterly reports on Treasury Management will be presented to Audit Committee, with the first for Quarter 1 presented to September Audit Committee. These quarterly reports enable further scrutiny of Treasury Management operations but there is no regulatory requirement for approval from Full Council.

3. Contribution to Corporate Priorities

- 3.1 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.

4. An Economic Update

- 4.1 The attached report provides an economic update and reflects the landscape of falling inflation close to the Bank of England target after recent years of high inflation, and a subsequent gradual movement in interest rate reductions.

5. A review of the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy

- 5.1 The TMSS was approved by Council on 19 February 2024 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.
- 5.2 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.
- 5.3 The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2024/25.

6. The Council Investment portfolio for 2024/25

- 6.1 Investments stood at £60.6m as at 30th September 2024, with a daily average of £65.6m for the first six months of the year. The bank rate has decreased during the first half of the year, standing at 5.00% at the end of September.
- 6.2 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.

7. The Council Borrowing Strategy and debt rescheduling for 2024/25

- 7.1 By statute, the Council can only borrow to finance the Capital Programme. The Treasury Strategy did not anticipate any new borrowing in 2024/25. Further, the Strategy set out a plan to make additional voluntary debt repayments.
- 7.2 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.
- 7.3 The Council's external debt as at 30 September was £6.3m.

8. Financial Considerations

- 8.1 This report deals solely with financial matters.

9. Risk Assessment and Management

- 9.1 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.

10. Legal Considerations

*This section has been approved by the following member of the Legal Team:
John Teasdale – Head of Legal and Regulatory Services and Monitoring Officer.*

- 10.1 There are no direct legal implications arising from this Report.
- 10.2 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.
- 10.3 Furthermore, the Local Government Act 2003 requires local authorities "to have regard" to the Prudential Code for capital finance. This report supports this requirement.

11. Equalities and Health

- 11.1 **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.
- 11.2 **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

12. Data Protection Implications – Data Protection Impact Assessment (DPIA)

12.1. 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

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

13. Human Rights

13.1 There are no Human Rights issues arising from this report.

14. Environmental Impacts

14.1. There are no Environmental Impacts arising from this report.

15. Recommendation(s)

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

16. Background Papers

16.1 Treasury Management Strategy Statement 2024/25 – approved by full Council on 19 February 2024.

17. Appendices

17.1 Appendix A – Mid-Year Treasury Management Report