

Treasury Management Update – Q4 2023/24

Background

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out several indicators.

It is now a requirement of the CIPFA Prudential Code that these indicators are reported quarterly.

Borrowing

The Authority's debt position was unchanged in Q4 2023/24, total debt remaining at £8,922k.

	2023/24 Original Estimate (£000's)	Position as at 31 March 2024 (£000's)
Debt	8,922	8,922

Investment Portfolio

The Authority held investments totalling £11.23m as at 31 March 2024.

The Bank of England's Monetary Policy Committee (MPC) voted to maintain Bank Rate at 5.25% in March 2024.

Two fixed term deposits totalling £4m that matured on the 5 of January 2024 were re-invested in line with our investment strategy, for the duration of three months based on cash flow needs. A sum of £7.23m was held in a call Account with a UK bank at 31 March 2024.

The Authority continues to closely monitor liquidity needs and invests to provide flexibility where needed. The added advantage of this approach is that if the current

bank rate is maintained in the future, the Authority will be able to benefit from this when placing further investments.

The budgeted investment return for 2023/24 was £511,000. With the investments placed, as outlined above, the actual return in 2023/24 was £786,000.

Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review its affordable borrowing limits. During the quarter ended 31 March 2024, the Authority has complied with the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2023/24. The Head of Finance and Procurement reports that no difficulties are envisaged for the current or future years in complying with these indicators. All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

Treasury Indicators	2023/24 Budget (£000's)	31 March 2024 Actual (£000's)
Authorised Limit for external debt	14,422	14,422
Operational boundary for external debt	9,022	9,022
Gross external debt	8,922	8,922
Investments – 31 March 2024		11,229
Net borrowing – 31 March 2024		(2,307)

Maturity structure of fixed rate borrowing	31 Mar 2024 Actual (£000's)
Under 12 months	0
12 months to 24 months	394
24 Months to 5 Years	597
5 Years to 10 years	3,581
10 Years to 20 Years	1,350
20 Years to 30 Years	3,000
Total	8,922

Prudential Indicators	2023/24 Projection (£000's)	31 Mar 2024 Actual (£000's)
Capital expenditure	4,672	1,079
Capital Financing Requirement (CFR)	10,085	9,750
Annual change in CFR	(684)	(1,019)
In-year borrowing requirement	0	0
Ratio of financing costs to net revenue stream	1.95%	1.96%