

Treasury Management Update – Q1 2024/25

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 Q1 2024/25, total debt remaining at £8,922k.

	2024/25 Original Estimate (£000's)	Position as at 30 June 2024 (£000's)
Debt	8,922	8,922

Investment Portfolio

The Authority held investments totalling £14.32m as at 30 June 2024.

At the Bank of England's Monetary Policy Committee (MPC) on the 8th of May 2024 and 19th of June 2024, MPC voted to maintain Bank Rate at 5.25%.

The two fixed term deposits totalling £4m invested on the 11th of January 2024 matured on the 11th of April 2024. A sum of £7m was invested on the 12th of June spread across three counterparties with good rates in line with our investment strategy, for the duration of six months each based on cash flow needs. A sum of £7.32m is held in a call Account with a UK bank at 30 June 2024.

The Authority continues to closely monitor liquidity needs and invests to provide flexibility where needed.

The budget for interest earnings for 2024/24 is £455,000. Due to the Bank Rate remaining steady, the actual interest earned as at the 30 June 2024 was £137,431 with the investments placed, as outlined above.

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 30 June 2024, the Authority has complied with the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2024/25. 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	2024/25 Budget (£000's)	30 June 2024 Actual (£000's)	Estimated Outturn 2024/25 (£000's)
Authorised Limit for external debt	16,535	16,535	16,535
Operational boundary for external debt	14,535	14,535	14,535
Gross external debt	8,922	8,922	8,922

Maturity structure of fixed rate borrowing	30 June 2024 Actual (£000's)
Under 12 months	394
12 months to 24 months	0
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	2024/25 Budget (£000's)	30 June 2024 Actual (£000's)	Estimated Outturn 2024/25 (£000's)
Capital expenditure	9,003	478	7,167
Capital Financing Requirement (CFR)	9,535	9,535	9,200
Annual change in CFR	(550)	(550)	(550)
In-year borrowing requirement	0	0	0
Ratio of financing costs to net revenue stream	1.71%	1.71%	1.71%