

# Treasury Management Update – Q2 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 Q2 2024/25, total debt remaining at £8,922k.

	<b>2024/25 Original Estimate (£000's)</b>	<b>Position as at 30 Sept 2024 (£000's)</b>
Debt	8,922	8,922

## Investment Portfolio

The Authority held investments totalling £17.23m as at 30 September 2024.

At the Bank of England's Monetary Policy Committee (MPC) on the 7 November 2024, MPC voted to reduce Bank Rate to 4.75%.

The three fixed term deposits totalling £7m invested on the 12 June 2024 for the duration of six months each will mature on the 12 December 2024. In other to maximise returns and line with our investment strategy, an additional £3m was invested in the call account at the end of Q2 making the total amount held in the call account a sum of £10.23m as at 30 September 2024.

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

The budget for interest earnings for 2024/25 is £467,000. With the investments placed, as outlined above, the estimated total return in 2024/25 is £737k

## 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 September 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.

<b>Treasury Indicators</b>	<b>2024/25 Budget (£000's)</b>	<b>30 Sept 2024 Actual (£000's)</b>	<b>Estimated Outturn 2024/25 (£000's)</b>
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

<b>Maturity structure of fixed rate borrowing</b>	<b>30 Sept 2024 Actual (£000's)</b>
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
<b>Total</b>	<b>8,922</b>

<b>Prudential Indicators</b>	<b>2024/25 Budget (£000's)</b>	<b>30 Sept 2024 Actual (£000's)</b>	<b>Estimated Outturn 2024/25 (£000's)</b>
Capital expenditure	9,003	1,911	7,727
Capital Financing Requirement (CFR)	9,535	9,535	9,155
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%