

Name of Committee:	Audit & Finance Committee		
Committee Date:	30 th October 2023		
Report Title:	Treasury Management Reports – Outturn 22/23 and Mid-year 23/24		
Responsible Officer:	Steven Pink		
Cabinet Lead:	Councillor Bowdell		
Status:	Non-Exempt		
Urgent Decision:	Yes / No	Key Decision:	Yes/ No
Appendices:	Appendix A – Annual Treasury Management Outturn Report 2022/23 Appendix B - Annual Treasury Management Mid-Year Report 2023/24		
Background Papers:	None		
Officer Contact:	Name: Kimberley Churchill Email: Kimberley.churchill@havant.gov.uk		
Report Number:	HBC/044/2023		

Corporate Priorities:

The financial performance of the authority's budget and treasury management performance has an overarching impact on all corporate priorities and the council's ability to deliver against them.

Executive Summary:

The council is required to receive and approve as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals including:

- Prudential and treasury indicators
- Mid-year treasury management report – this will update on the progress of the capital position, prudential indicators and whether any policies require revision.
- An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to estimates within the strategy.

Recommendations:

Cabinet is requested to note:

- A. 2022/23 Treasury Management Outturn Report (Appendix A)
- B. 2023/24 Treasury Management Mid-Year Report (Appendix B)

1.0 Introduction

- 1.1 This paper is submitted to Audit and Finance Committee to note the 2022/23 Treasury Management outturn position and 2023/24 mid-year position.

2.0 Background

- 2.1 Treasury management is defined as: “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 The council operates a balance budget, which broadly means cash raised during the year will meet its expenditure. Part of the treasury management function is to ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 2.3 The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.4 In line with the Code and the requirement of the Council’s Treasury Management Strategy, this report provides an update on the borrowing, investments and cash flows, money market and capital market activities for the financial year ended 31st March 2023, and a

mid-year position as at 30th September 2023.

3.0 Options

3.1 Not applicable

4.0 Relationship to the Corporate Strategy

4.1 Investment Income is additional income to the council used to balance the budget, this supports the delivery of the corporate strategy.

5.0 Conclusion

5.1 There has been one non-compliance of our own Treasury Management limits following the investment in a Bond during October 2022. This has since been rectified in the 2023/24 Treasury Management Strategy.

5.2 Otherwise, the Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy

6.0 Implications and Comments

6.1 S151 Comments

The appropriate management of our cash reserves is a vital function of the Council. We have taken professional guidance on setting our risk appetite and only invest in highly secure sources as defined in our Treasury Management Strategy and supported by our independent professional advisors. These risks are reviewed regularly during the year to ensure compliance whilst maximising our investment opportunities.

The returns received have been vital in supporting budget during the year but cannot be relied upon long-term as they are exposed to the fluctuations in Bank of England's base rate of interest and are dependant on the size of our cash balances which will likely reduce as certain projects are undertaken and some our of cash is spent.

6.2 Financial Implications

The report itself does not impact directly any financial implications, but clearly the Treasury Management Strategy it refers to will have a

significant financial impact if any major changes are made in the future.

6.3 Comments Received on Behalf of the Monitoring Officer

The CIPFA Code of Practice on Treasury Management requires the production of performance indicators, a Treasury Management statement and regular reporting of Treasury Management activities.

6.4 Equality and Diversity

Not Applicable

6.5 Human Resources

Not Applicable

6.6 Information Governance

Not Applicable

6.7 Climate and Environment

Not Applicable

7.0 Risks

7.1 Failure to understand the content of this report could mean the Council does not appreciate the value and impact that the current Treasury Management Strategy and its application is/has had on the Council's budget.

7.2 The report plays a vital role in ensure strong oversight of the use of the Council's cash reserves and that they are being invested appropriately and protected to prevent misuse, poor decision or fraud.

8.0 Consultation

8.1 Not applicable

9.0 Communications

9.1 No applicable

Agreed and signed off by:		Date:
Cabinet Lead:	Cllr N Bowdell	20/10/2023
Executive Head:	Matt Goodwin	20/10/2023

Monitoring Officer:	Sarita Riley (on behalf of)	20/10/2023
Section151 Officer:	Steven Pink	19/10/2023