

# **Cabinet**

## **Background Papers**

**Date: Tuesday 19 December 2023**

**16. Treasury Management Mid Year Report for 2023/24 (Pages 3 - 20)**

Report of the Interim Director of Finance and Assurance.

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**REPORT FOR: Governance, Audit, Risk  
Management and Standards  
Committee (GARMS)**

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<b>Date of Meeting:</b>	29 November 2023
<b>Subject:</b>	Treasury Management Mid-Year Report 2023/24
<b>Responsible Officer:</b>	Sharon Daniels, Interim Director of Finance and Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All wards
<b>Enclosures:</b>	None

## Section 1 – Summary and Recommendations

This report provides a Mid-Year Update of the Council's Treasury Management activities in 2023/24 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice.

### **Recommendations:**

Committee is requested to:

1. Note the Mid Year Treasury Management position for 2023/24
2. Refer this report to Cabinet for noting

### **Reason: (for recommendations)**

3. To promote effective financial management and comply with regulations issued under the the Local Government Act 2003, the CIPFA Code of Practice on Treasury Management, and the CIPFA Prudential Code for Capital Finance, along with meeting the requirements of the Council's Financial Regulations.
4. To keep Members informed of Treasury Management activities and performance for 2023/24.

## Section 2 – Report

### 1.0 Background

1.1 The purpose of this report is to update Members with the Council's Treasury Management activity in 2023/24, presenting performance to 30<sup>th</sup> September 2023 in accordance with the Council's Treasury Management Practices and in compliance with the CIPFA Treasury Management Code of Practice

1.2 Treasury management comprises:

- Managing the Council's borrowing to ensure funding of the Council's current and future Capital Programme is at optimal cost;
- Investing surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring security of capital and liquidity.

1.3 The annual revenue budget includes the revenue costs that flow from capital financing decisions. Under the CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code, increases in capital expenditure should be limited to levels whereby increases in interest charges and running costs are affordable within the Council's revenue account.

- 1.4 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation to ensure the security and liquidity of the Council's treasury investments.
- 1.5 The Council recognises that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of the CIPFA Treasury Management Code of Practice.

## **2.0. Reporting Requirements**

- 2.1. The Council and/or Cabinet are required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.
- 2.2. **Treasury Management Strategy Statement Report** – The first, and most important report is presented to the Council in February and covers:
  - The Treasury Management Strategy Statement (TMSS), which details how the investments and borrowings for capital expenditure are to be organised, including Treasury Limits and Prudential Indicators.
  - The Annual Investment Strategy which forms part of the TMSS, (the parameters on how investments are to be managed).
  - the MRP Policy (how capital expenditure is charged to revenue over time).

**The 2023/24 TMSS was presented to Council on 23 February 2023.**

- 2.3. **Mid-Year Review Report** – This is presented to Cabinet in December/January and updates Members on the progress of the Capital Programme, reporting on Prudential Indicators to give assurance that the treasury management function is operating within the Treasury Limits and Prudential Indicators set out in the TMSS.

**This report fulfills the requirements of the the Mid-Year Review for 2023/24.**

- 2.4. **Treasury Management Outturn Report** – This is typically presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the TMSS and Mid-Year Reports.

**Scrutiny** – The above reports are required to be adequately scrutinised, normally before being recommended to Cabinet/Council, with the role being undertaken by the Governance, Audit, Risk Management and Standards Committee (GARMS). The Council has complied with the CIPFA Treasury Management Code of Practice to the extent that all Treasury Management reports have been scrutinised.

- 2.5. The Council has delegated responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Section 151

Officer. The Section 151 Officer chairs the Treasury Management Group (TMG), which monitors the treasury management activity and market conditions monthly.

### **3.0. Options considered**

3.1. N/A

### **4.0. Treasury Management Strategy Statement and Annual Investment Strategy Update**

4.1. The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by Council on 23 February 2023.

4.2. There are no policy changes proposed to the TMSS approved for 2023/24; the details in this report update the position in the light of the updated economic environment, budgetary changes and revised capital programme outturn forecast contained in the 2023/24 Q2 Revenue and Capital Budget Monitoring Report being presented to Cabinet on 19<sup>th</sup> December 2023.

### **5.0. Compliance with Prudential Indicators**

5.1. It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2023/24 during the half year ended 30 September 2023 (and up to 21 November 2023 at the point this report was despatched).

5.2. All treasury management operations have been conducted in full compliance with the Council's Treasury Management Practices.

#### **Prudential Indicator for Capital Expenditure**

5.3. The Council's Capital Programme is a key driver of Treasury Management activity. The output of the Capital Programme is reflected in the statutory prudential indicators, which are designed to provide Member's with an overview of the impact of the capital expenditure plans and ensure that these remain prudent, affordable and sustainable.

5.4. Table 1 shows the revised budget and the forecast outturn for 2023/24. The original budget for 2023/24 was agreed at Council in February 2023. The revised budget reflects updates to the 2023/24 original budget to reflect slippage from the 2022/23 capital outturn which has been rolled forward into 2023/24. The forecast outturn reflects the estimated capital spend for the full year.

**Table 1 - Capital Expenditure**

<b>Capital expenditure</b>	<b>2023/24 Revised Budget £'000</b>	<b>2023/24 Forecast Outturn £'000</b>
<b>General Fund</b>		
Resources Directorate	11,026	7,253
People's Directorate	19,269	9,978
Place Directorate	75,729	50,581
<b>General Fund</b>	<b>106,024</b>	<b>67,812</b>
HRA	57,505	44,628
<b>Total</b>	<b>163,529</b>	<b>112,440</b>

5.5. The 2023/24 Q2 Capital Budget Monitoring Report provides further details of the updated forecast outturn position.

5.6. **Changes to the Financing of the Capital Programme**

Table 2 illustrates how the Council's capital expenditure plans (table 1) will be funded. The net financing need for the year increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

**Table 2 - Financing of Capital Expenditure**

Financing of capital expenditure	2023/24 Revised Budget £'000	2023/24 Forecast Outturn £'000
<b>General Fund</b>		
Capital Receipts	0	0
Capital Grants	34,621	24,373
BCiL	5,408	3,992
NCiL	966	966
Section 106	1,091	741
Revenue	0	0
<b>External Funding</b>	<b>42,086</b>	<b>30,072</b>
<b>GF Net financing need for year</b>	<b>63,938</b>	<b>37,740</b>
<b>Total General Fund</b>	<b>106,024</b>	<b>67,812</b>
<b>HRA</b>		
Capital Receipts	5,282	5,282
Capital Grants	3,804	3,748
Section 106	1,835	1,835
Revenue	17,579	13,142
<b>External Funding</b>	<b>28,500</b>	<b>24,007</b>
<b>Net financing need for year (HRA)</b>	<b>29,005</b>	<b>20,621</b>
<b>Total HRA</b>	<b>57,505</b>	<b>44,628</b>
<b>GF &amp; HRA Net Financing need for year</b>	<b>92,943</b>	<b>58,361</b>

**Capital Financing Requirement (CFR)**

- 5.7. The is the total historic outstanding capital expenditure incurred by the Council, which has not yet been paid for from either revenue or capital resources such as grant or other external funding and it is essentially a measure of the Council's underlying borrowing need. Any new capital expenditure, which requires funding from borrowing, will increase the CFR. The Council makes an annual charge to the revenue budget for the repayment of its debt liability, the Minimum Revenue Provision, which acts to reduce the CFR and charge prudential borrowing to the General Fund over time.
- 5.8. The Original Capital Financing Requirement for 2032/24 as reported in the Treasury Management Strategy Statement report to Cabinet in February 2023 was £644m as follows:

**Table 3 - Capital Financing Requirement**

Capital Financing Requirement £'000	2023/24 Original Estimate
CFR – General Fund	457,932
CFR – HRA	186,183
<b>Total CFR</b>	<b>644,115</b>

5.9. Table 4 reflects the latest projections for the 2023/24 CFR based on the both the revised budget for 2032/24 and the forecast outturn from the 2023/24 Q2 Capital Budget Monitoring Report, (summarised in tables 1 and 2). The revised CFR figure for 2023/24 incorporates the impact of the slippage from 2022/23 which was approved to be carried forward into 2023/24 by cabinet in July 2023.

5.10. The starting point to arrive at the revised CFR is the actual CFR as at 31<sup>st</sup> March 2023. The actual CFR at 31.3.2023 was £579.708m (£418.900m GF & £160.808m HRA). The CFR based on the revised budget for 2023/24 of £649.934m in Table 4 is arrived at by increasing the actual CFR of £579.708m by £92.943m (for an increase in net financing need) but reducing it by £22.717m which is the Minimum Revenue Provision (MRP).

**Table 4 – Capital Financing Requirement**

<b>Capital Financing Requirement</b>	<b>2023/24 CFR based on Revised Capital Budget</b>	<b>2023/24 CFR based on Forecast Outturn</b>
<b>£'000</b>		
CFR – General Fund	460,121	433,972
CFR – HRA	189,813	181,429
<b>Total CFR</b>	<b>649,934</b>	<b>615,401</b>
<b>Movement in CFR from 2022/23</b>	<b>70,226</b>	<b>35,693</b>

<b>Movement in CFR represented by</b>		
Net financing need for the year (table 2)	92,943	58,361
Less MRP/VRP and other financing movements	-22,717	-22,668
<b>Movement in CFR</b>	<b>70,226</b>	<b>35,693</b>

**Authorised Limit and Operational Boundary**

5.11. No changes have been proposed to the Council's Operational Boundary and Authorised Limit which were approved as part of the 2023/24 TMSS on 23 February 2023.

Operational Boundary

5.12. This limit is based on the Council's programme for capital expenditure, Capital Financing Requirement and cash flow needs for the year. It is the limit beyond which external debt is not normally expected to exceed.

**Table 5 – Operational Boundary**

<b>Operational boundary £'000</b>	<b>2023/24</b>
Borrowing	644,115
Other long-term liabilities	13,471
<b>Total</b>	<b>657,586</b>

### Authorised Limit

- 5.13. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council.
- 5.14. It is the statutory limit determined under section 3(1) of the Local Government Act 2003. Under the Act, the Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

**Table 6 – Authorised limit**

Authorised limit £'000	2023/24
Borrowing	674,115
Other long-term liabilities	23,471
<b>Total</b>	<b>697,586</b>

## 6.0. Economic Update

- 6.1. The first half of 2023/24 saw Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle. At the Bank of England's latest meeting on 2<sup>nd</sup> November, the rate remained unchanged at 5.25%.
- 6.2. CPI inflation fell from 8.7% in April to 6.7% in September, its lowest rate since February 2022.

### Interest Rate Forecast

- 6.3. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.
- 6.4. The latest forecast on 25<sup>th</sup> September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
<b>BANK RATE</b>	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave eamings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave eamings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

## 7.0. Treasury Position as at 30 September 2023

### Investments

- 7.1. In accordance with the CIPFA Treasury Management Code of Practice and DLUHC (Previously MHCLG) Investment Guidance, the TMSS sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

7.2. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. 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.

**Table 7 - Investments & Returns**

Investment Portfolio	31-Mar-23			30-Sep-23		
	Principal (£'000)	Average Rate (%)	Average Life (days)	Principal (£'000)	Average Rate (%)	Average Life (days)
- UK Government	29,000	3.99%	7	42,050	5.21%	8
- MMFs	1,651	4.11%	3	40,008	5.27%	2
- Banks	48,743	2.01%	3	31,090	4.17%	2
<b>Total Investments</b>	<b>79,394</b>	<b>2.78%</b>	<b>4</b>	<b>113,148</b>	<b>4.94%</b>	<b>4</b>

7.3. The Council held £113.1m of investments as at 30 September 2023 compared with £79m at 31 March 2023. The portfolio remains highly liquid with the yield reflecting the current market for liquid investments. The internal borrowing strategy of the Authority, focusing on minimising the net cost of borrowing, also prevents longer term investment with a consequential impact on investment return.

7.4. The Council's investment income budget for 2023/24 is £1.104m and the forecast outturn is £2.663m. This includes income from the £15m loan to the West London Waste Authority which the Council approved in July 2013 to finance the cost of a new energy waste plant. The term of the loan is 25 years at an interest rate of 7.604%. Loan balance when plant went live was £16.89m which included interest accrued from 2013 upto 2016. The loan balance at the 31 March 2023 was £14.91m..

7.5. During the period cash investments have been held with Royal London, DWS and Fidelity Money Market Funds, DMO, Lloyds, Royal Bank of Scotland PLC, and Handelsbanken. Counterparty use has been in accordance with the credit criteria set out in the TMSS. Officers can confirm that the approved limits within the Annual Investment Strategy have not been breached to the period of 21st November 2023.

7.6. There are no changes proposed to the Council's Investment Counterparty Criteria approved in the 2023/24 TMSS.

### **Borrowing**

7.7. The Council continues to run an internal borrowing strategy with a borrowing portfolio of £417m (excluding £17.6m of PFI and Finance Lease Liabilities) which is below the actual CFR of £580m as at 31 March 2023 and the revised estimate of the CFR for 31 March 2024 of £615m, based on the forecast outturn for the period from the 2023/24 Q2 Capital Budget Monitoring Report.

7.8. The Authority's current borrowing portfolio has not changed since 31 March and no new borrowing has been undertaken in 2023/24 to date. It is very unlikely the any further borrowing will need to be taken out by 31<sup>st</sup> March 2024.

7.9. The forecast outturn on borrowing costs is £9.15m, a favourable variance of £1.13m on the budget of £10.28m, reflecting the continued internal borrowing strategy adopted by the Authority.

**Table 8: Borrowing Portfolio**

Borrowing Portfolio £'000	31-Mar-23			30-Sep-23		
	Principal	Average Rate (%)	Average Life (yrs)	Principal	Average Rate (%)	Average Life (yrs)
- PWLB	343,461	3.43%	34.56	343,461	3.43%	34.06
- Market	73,800	3.53%	39.72	73,800	3.53%	39.22
Total borrowing	417,261	3.45%	35.48	417,261	3.45%	34.97

7.10. The Director of Finance will continue to keep borrowing decisions under review.

7.11. The maturity structure of the debt portfolio remained within the Prudential Indicator limits set as part of the 2023/24 Treasury Management Strategy. The maturity structure table (9) below includes one Lenders Option Borrowers Option (LOBO) market loan for £20.8m at its next call date of 4th December 2023, which is the earliest date the lender can require repayment.

**Table 9: Maturity Structure of Borrowing**

Maturity structure of borrowing	Lower	Upper	Actual 31.03.23	Actual 30.09.23
Under 12 months	0%	40%	5%	5%
12 months to 2 years	0%	30%	0%	0%
2 years to 5 years	0%	30%	1%	2%
5 years to 10 years	0%	40%	6%	5%
10 years and above	30%	100%	88%	88%

## 8.0. Risk Management Implications

This report is for noting and there are no direct risk management implications to this report.

## 9.0. Procurement Implications

There are no procurement implications arising from this report.

## 10.0. Legal Implications

The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report.

The Act, accompanying statutory guidance and Codes of Practice referred to through capital financing regulations requires the Council to set out its treasury

strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This report assists the Council in fulfilling its statutory obligation under the Local Government Act 2003 to monitor its borrowing and investment activities.

## **11.0. Financial Implications**

In addition to supporting the Council's revenue and capital programmes the Treasury Management interest budget is an important part of the revenue budget. Any savings achieved, or overspends incurred, have a direct impact on the financial performance of the budget.

## **12.0. Equalities implications / Public Sector Equality Duty**

There is no direct equalities impact.

## **13.0. Council Priorities**

This report deals with the Treasury Management Strategy which plays a significant part in supporting the delivery of all the Council's corporate priorities.

## **Section 3 - Statutory Officer Clearance**

**Statutory Officer: Sharon Daniels**

Signed off by the Chief Financial Officer

**Date: 19/11/2023**

**Statutory Officer: Caroline Eccles**

Signed on behalf of the Monitoring Officer

**Date: 21/11/2023**

**Chief Officer: Alex Dewsnap**

Signed off by the Managing Director

**Date: 21/11/2023**

## **Mandatory Checks**

**Ward Councillors notified:** NO, as it impacts on all Wards

**EqIA carried out:** NO – report is for information and not decision making.

**EqIA cleared by:** N/A

## **Section 4 - Contact Details and Background Papers**

**Contact:** Sharon Daniels – Interim Director of Finance & Assurance,  
[Sharon.Daniels@harrow.gov.uk](mailto:Sharon.Daniels@harrow.gov.uk),

**Background Papers:** None



# **Governance, Audit, Risk Management and Standards Committee**

## **Minutes**

### **29 November 2023**

**Present:**

**Chair:** Councillor Kanti Rabadia

**Councillors:** Ghazanfar Ali Rashmi Kalu  
Philip Benjamin Kuha Kumaran

**Present (Virtually)** Councillor Antonio Weiss  
Councillor Yogesh Teli

**96. Attendance by Reserve Members**

**RESOLVED:** To note that there were no Reserve Members in attendance

**97. Declarations of Interest**

**RESOLVED:** To note that no declarations of interest were declared by Members

**98. Minutes**

**RESOLVED:** That the minutes of the meeting held on 20 September 2023, be taken as read and signed as a correct record.

**99. Public Questions**

**RESOLVED:** To note that no public questions were received.

## 100. Petitions

**RESOLVED:** To note that no petitions had been received.

## 101. Deputations

**RESOLVED:** To note that no deputations had been received.

## 102. References from Council and other Committees/Panels

**RESOLVED:** To note that no references were received.

## 103. 2021/22 Statement of Accounts

The Committee received a report which presented the audited Statement of Accounts for 2021-22.

The Interim Director of Finance and Assurance introduced the report and drew attention to the fact that this was the final Statement of Accounts for 2021-2022 explaining that this was the last time that the Committee would see these Accounts.

The Interim Director of Finance and Assurance then went on to provide Members with a summary of each of the appendices as well as pointing out the relevant page numbers for each of these. Attention was drawn to Appendix 3C on Page 271 and Appendix 4C on Page 313 which set out the draft audit opinion.

Members were then provided an update regarding the changes to the Accounts since this last went to the Committee in September 2023. It was confirmed that these changes were set out in paragraph 5 on Page 13, and this was in relation to community assets.

The External Auditor from Mazars was then invited to provide any additional comments. The Auditor explained that the work on the value for money had now been completed, however at the time of the report being published this was still outstanding.

**RESOLVED:** That

- 1) the Audit Completion Updates of the External Auditor on matters arising from the audit of the Statement of Accounts 2021- 22 and the Pension Fund Annual Report 2021-22 were considered.
- 2) the audited Statement of Accounts 2021-22 be approved and authorise the signing thereof by the Chair.
- 3) the Pension Fund Annual Report 2021-22 be noted
- 4) the Director of Finance and Assurance, following consultation with the Chair be authorised, to make any final minor amendments to the Statement of Accounts 2021-22 and Pension Fund Annual Report

2021-22 arising from the external audit prior to the signing by the auditor;

#### **104. Annual Complaints Report and Update on Complaints against Members 2022/23**

The Committee received a joint report from the Monitoring Officer and the Assistant Director for Digital, Data and the Customer Experience which provided an overview of complaints received throughout 2022-23 and complaints against Councillors for this period.

The Assistant Director for Digital, Data and the Customer Experience introduced the report explaining that during this period the Council handled nearly 6 million customer enquiries and had over 20 million interactions with residents.

Members were informed that last year the Council had received 2,313 complaints at stage 1, 128 at stage 2 where the resident was not happy with the response from stage 1, and it was highlighted that 81% of these were responded to within timescales. Members were then provided with an overview of where the complaints originated from:

70% from the Place directorate  
20% from Resources and Finance directorate  
10% from the People directorate

The Assistant Director for Digital, Data and the Customer Experience drew attention to the fact that there had been cross- Council working throughout the year to improve things for residents.

The Monitoring Officer then went onto provide the Committee with an update regarding complaints received against Councillors which were set out on pages 374 and 375. During this period, 4 complaints were received against elected Members and no evidence was found of a breach of the Members code of conduct in any of the cases.

Members were provided with a summary for the process when complaints were received against Councillors. In the first instance, the complaint would come into the Monitoring Officer who speaks to the Councillor about the complaint and then consults with the independent person to come to a view on the complaint.

In response to questions from Members it was clarified that:

- After stage 2 of the complaints process, if the resident was still unhappy, then they could contact the Local Government & Social Care Ombudsman and it was confirmed that at stage 2 complaint a letter was sent out to residents signposting them to this process.

- When a complaint is received against a Councillor, the Monitoring Officer would email the Councillor directly summarising the complaint to seek the Councillor's side of the story.
- Residents could visit the Council's website at [harrow.gov.uk/complaints](http://harrow.gov.uk/complaints) to understand how the complaints process worked.
- **RESOLVED:** That the information in the report be noted.

## 105. Treasury Management Mid-Year Report 2023/24

The Committee received a report which provided an update of the Council's Treasury Management activities in 2023/24 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice.

The Interim Director of Finance and Assurance introduced the report explaining that the report looks at the treasury management activity as of 30 September 2023. Members were informed that it was a requirement for the treasury management report to go to the GARMS Committee and it was noted that 3 separate reports were received each year.

Members were then provided with an overview of the key facts and figures as presented in the Treasury Management Mid – Year report for 2023/24.

In response to questions from Members it was clarified that:

- The forecast outturn was a more realistic figure to look at than the revised budget.
- The term slippage referred to a situation whereby money would be spent the following financial year rather than the current one.
- If there was an underspend, this meant that the money was not going to be spent at all. It was clarified that the Council had very little underspend.
- The rise in the rate of return of investments was partially because of the rise in inflation, however, a higher bank of England base rate was the key reason for the increase in the rate of investments.

**RESOLVED:** That

- 1) The Mid-Year Treasury Management position for 2023/24 be noted.
- 2) The report be referred to Cabinet for noting

## **106. Any Other Urgent Business**

The Chair sought indication from the External Auditors regarding the Council's position regarding the 2022/23 Statement of Accounts as the 2021/2022 accounts had just been signed off.

The External Auditor clarified that this was not due to commence anytime before Christmas and explained that guidance was still being awaited from the Government regarding a potential backstop for the accounts to enable the sector to catch up.

It was clarified that the backstop applied, the Council would still be required to publish its draft accounts for 2022/23 and it was confirmed that these accounts would be reviewed at the next meeting in January 2024.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.23 pm).

(Signed) Councillor Kanti Rabadia  
Chair

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