

Title: Treasury Operations Mid-Year Review 2024/25

Committee: Finance and Assets Committee

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1.0 Issue

1.1 To provide Members with an update on the Council's 2024/25 Treasury Management Strategy.

2.0 Recommendation

2.1. Members are asked to recommend to Full Council that the mid-year review of the Council's Treasury Management Strategy for 2024/25, as set out in Appendix 1, be noted.

3.0 Background / Options

3.1 The Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) Revised Code of Practice on Treasury Management requires councils to adopt the revised Code and fully comply with its requirements.

3.2 This report complies with the requirement for a mid-year review.

3.3 The size of the Council's investment portfolio is relatively small and often short-term meaning that investment decisions are made so liquidity and cash flow requirements are the priority, this rather than returns. Despite this position, opportunities for proactive investment decisions are taken where appropriate.

3.4 The loan that the Council has made to East Cambs Trading Company (ECTC) is not technically an investment, but has been included in this covering report for completeness. ECTC is paying a commercial rate of interest on its loan from the Council – this to avoid breaking State-Aid rules.

3.5 The Council's 2024/25 Treasury Management Strategy and budget detailed an expected return on investments of £1,058,335, with then a further £243,000 of interest on the loan to ECTC.

4.0 Results

- 4.1 During 2024/25 the Council has operated within its approved treasury limits and Prudential Indicators; no changes have been made or proposed in relation to the counterparty values detailed in the Annual Treasury Management Strategy.
- 4.2 Interest rates on offer to the Council from Money Market Investment Deposit Accounts or fixed term deposits have remained relatively steady during the year, our average interest rate when the budget was built in February 2024 was 5.18% and this has reduced to 4.85% as at 30th September 2024. The interest receipts generated on these investments to the end of September 2024 were £801,667 significantly above that forecast in the budget.
- 4.3 As at 30th September 2024, the Council had cash investments of £36.327 million (£38.599 million in 2023), details of these investments are included in Appendix 1. With a further £6.575 million (£6.0 million in 2023) loan to ECTC.
- 4.4 While the loan to the Company is not specifically an investment, it generated the Council interest receipts, £128,272 up until 30th September 2024.
- 4.5 In total, the combination of interest receipts on both general investments and the loan to ECTC, are forecast to come in around £390,000 above budget at yearend.

5.0 Interest Payments

- 5.1 The Council has remained external debt free during the first six months of the financial year, and with the healthy cash balance at the end of September, it is expected to remain so for the remainder of the year.

6.0 Conclusion

- 6.1 The Council's Treasury Management Strategy, as approved on 20th February 2024, continues to offer the Council the best approach to Treasury Management and the policies contained within it will continue to be followed for the remainder of the financial year.
- 6.2 It should be noted that the economic and interest rate forecasts detailed in appendix 1 were those in place as at the 30th September 2024.

7.0 Additional Implications Assessment

- 7.1 In the table below, please put Yes or No in each box:

Financial Implications Yes	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

- 7.2 Financial Implications - It is forecast that the Treasury Management function will provide additional income of £390,000 when compared to the approved budget,

this is recorded in the overall Finance Report for the Council (also on Committee's agenda this evening).

8.0 Appendices

Appendix 1 - Mid-year Review report 2024/25

9.0 Background Documents:

Treasury Management Strategy as approved by Full Council on the 20th February 2024.