



Committee and Date

Audit Committee
17th July 2024

Cabinet
17th July 2024

Council 18th July 2024

Item

Public



Annual Treasury Report 2023/24

Responsible Officer:	James Walton		
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Cabinet Member (Portfolio Holder):	Cllr Gwilym Butler, Finance, Corporate Resources and Communities		

1. Synopsis

During 2023/24 the Council achieved all required targets for managing its financing arrangements, including day to day cashflow, short term investments and longer term borrowings. Investment income of £2.5m was secured.

2. Executive Summary

- 2.1. During 2023/24, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparison to the target set in the Treasury Strategy, are detailed in Appendix C.
- 2.2. The internal treasury team outperformed their investment benchmark by 0.79% in 2023/24 achieving a return of 4.79%. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.

3. Recommendations

Members are recommended to:

- 3.1. Approve the actual 2023/24 prudential and treasury indicators in this report.
- 3.2. Note the annual treasury management report for 2023/24.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

5. Financial Implications

- 5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing because of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.
- 5.2. The 2023/24 performance is above benchmark for the reasons outlined in paragraph 2.2 of this report and has delivered income of £2.547 million which has been reflected in the Financial Outturn report for 2023/24.

6. Climate Change Appraisal

- 6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council to achieve this. There are no climate change impacts arising from this report. Shropshire Council's investment portfolio has no level 1, 2 or 3 emissions. It comprises of straightforward cash deposits with financial institutions and other Local Authorities.

7. Background

- 7.1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the

requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

- 7.2. During 2023/24 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year
 - a mid-year treasury update report
 - an annual review following the end of the year describing the activity compared to the strategy, (this report)
- 7.3. In addition, Cabinet has received quarterly treasury management update reports during the year.
- 7.4. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 7.5. The Council has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council.
- 7.6. The Council's treasury management debt and investment position is organised by the finance team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. Assurance on liquidity is taken from detailed cashflow planning which is amended day by day and reviewed to identify issues and address them. Cash flow plans extend out 24 months. Day to day cash flow plans inform short term investment and borrowing planning, as well as supporting the planning for longer term investments and borrowings.

8. Borrowing Strategy and Outturn for 2023/24

- 8.1. The Council's Borrowing Strategy and Outturn position for 2023/24 can be found in Appendix A.

9. Investment Strategy and Outturn for 2023/24

- 9.1. The Council's Investment Strategy and Outturn position for 2023/24 can be found in Appendix B.

10. Compliance with Treasury Limits and Prudential Indicators

- 10.1. Compliance with the Council's Treasury Limits and Prudential Indicators can be found in Appendix C.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Treasury Strategy 2023/24 – Council, 2 March 2023

Treasury Management Update Quarter 1 2023/24 – Cabinet, 6 September 2023

Treasury Management Update Quarter 2 2023/24 – Cabinet, 22 November 2023

Treasury Strategy 2023/24 Mid-Year Review – Cabinet, 13th December 2023

Treasury Management Update Quarter 3 2023/24 – Cabinet, 21 February 2024

Treasury Management Update Quarter 4 2023/24 – Cabinet, 5 June 2024

Local Member: All

Appendices [Please list the titles of Appendices]

Appendix A - Borrowing Strategy and Outturn 2023/24

Appendix B - Investment Strategy and Outturn 2023/24

Appendix C – Prudential Indicators 2023/24
