

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 6</b>
<b>9 September 2024</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Executive Director for Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Mohammed Jamil, Deputy Leader and Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director for Corporate Services and Section 151 Officer	Tel. 452520

**TREASURY MANAGEMENT Q1 UPDATE – QUARTER ENDED 30 JUNE 2024**

RECOMMENDATIONS	
<b>FROM:</b> Cecilie Booth, Executive Director for Corporate Services and S151 Officer	<b>Deadline date:</b> N/A
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Reviews and considers the Treasury Management Strategy Statement (TMSS) quarter position and performance against the Prudential Indicators.</li> <li>2. Reads the information about Economic and interest rate update.</li> <li>3. Reads the comment about the IFRS16 implementation and the impacts to authorised and operational boundaries.</li> </ol>	

**1. ORIGIN OF REPORT**

- 1.1 The Treasury Management in the Public Services: Code of Practice 2021 recommends that Members receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year and quarterly review and an annual report after its close.
- 1.2 This report is submitted to the Audit Committee to review the quarter one position of the prudential indicators, update on the economic and interest rate forecast.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 To update the Audit Committee with the Council's quarter one position of the prudential indicators and forecast outturn, economic and interest rate forecast.
- 2.2 This report is for Audit Committee to consider under its terms of reference 4.6:  
  
To review the Council's arrangements for corporate governance against the good governance framework, including the ethical framework and agree necessary actions to ensure compliance with best practice and consider the local code of governance.

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A

### 4. **BACKGROUND AND KEY ISSUES**

4.1 The Chartered Institute of Public Finance Accountancy (CIPFA) Code of Practice for Treasury Management 2021 recommends that Members are updated on treasury management activities at least quarterly. This report, therefore, ensures that the Council is following best practice in accordance with the Code.

All treasury management reports come to the Audit Committee for review and consideration. The annual report on treasury activity is also ratified by full Council.

- **Economic Update**

The economic update for the first quarter of 2024/25, provided by Link Group, the Council's treasury management advisors is contained within the appendices.

It should be noted that changes to the UK economy, and their resulting implications for the Council's treasury activities, can often be fast-paced and, therefore, some of the economic data may be partially out of date by the time it is reported.

- **Interest Rate Forecasts**

The Council has appointed Link Group as its treasury management advisors and part of Link's service is to assist the Council to formulate a view on interest rates.

- The latest forecast, updated on 28th May 2024 sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of a stubbornly robust economy and a tight labour market.

### 5. **CONSULTATION**

5.1 This report and accompanying appendices have been issued to the Executive Director of Corporate Services and the Director of Law and Governance and Monitoring Officer

5.2 The Council continues to liaise with its treasury advisors, Link Group.

### 6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 As set out in the report.

### 7. **REASON FOR THE RECOMMENDATION**

7.1 This report is presented to the Committee to provide the opportunity to review Prudential Indicators of the quarter one, and the economic and interest rate update.

### 8. **ALTERNATIVE OPTIONS CONSIDERED**

8.1 None

## **9. IMPLICATIONS**

### **Financial Implications**

- 9.1 The assumptions as contained in the TMS have been used to inform the capital financing budget as contained and detailed in the MTFS.

### **Legal Implications**

- 9.2 Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations, which clarifies the requirements of the Minimum Revenue Provision guidance.

This report takes into the account the impact of the CIPFA Prudential Code and CIPFA Treasury Management Code of practice issued in 2021.

### **Equalities Implications**

- 9.3 None

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1
- The Prudential Code for Capital Finance in Local Authorities –2021 Edition, CIPFA; and
  - Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition, CIPFA

## **11. APPENDICES**

- 11.1 Appendix A – Prudential and Treasury indicators for 2024-25 as at 30th June 2024  
Appendix B – Economic Update from our treasury management advisors

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