

Committee/Date:	Council - 13 July 2023
Report Title:	2022/23 Annual Treasury Management Review
Directorate:	Resources Directorate
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Wards affected:	None specifically
Public Access	Open
Appendices	1. 2022/23 Annual Treasury Management Review

1. SUMMARY

1.1. This review has been prepared in compliance with CIPFA's Code of practice on Treasury Management. The report asks Council to agree the 2022/23 Annual Treasury Management Review. This Annual review covers the following:

- Capital activity during the year 2022-23.
- The impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement).
- The actual prudential and treasury indicators.
- Overall treasury position identifying how the Council has borrowed in relation to indebtedness, and the impact on investment balances.
- Summary of interest rate movements in the year.
- Debt activity as at 31st March 2023
- Investment activity as at 31st March 2023.

The Council borrowed and invested sums of money and is potentially exposed to financial risk from loss of invested funds and the revenue impact from changing interest rates. This report covers activity on treasury managed investments and borrowings and the associated monitoring and control.

2. RECOMMENDATION

- 2.1. Audit & Governance Committee recommend that Full Council.
 - 2.1.1. Agree the Treasury Management activities and performance against targets for financial year 2022-23 as detailed in the report at Appendix 1.

3. KEY HIGHLIGHTS

- Investment income for the year 2022-23 was £0.437m compared to budget of £0.248m and interest payable outturn was £13.6m compared to budget of £13.2m.
- The Council's average investments for the year is £71m with an average rate 1.93% against the benchmark of the average o/n SONIA (Sterling Overnight Interbank Average Rate) of 2.23%.
- All treasury management activities within the year have been in accordance with the approved limits and prudential indicators as set out in the Treasury Management Strategy Statement 2022/23.
- The Council borrowed £50m of PWLB fixed long-term loan and £50m of PWLB medium-term loan.

4. BACKGROUND

- 4.1. Treasury Management in the context of the report is defined as:

“The Management of the local authority's 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.” (CIPFA Treasury Management Code of Practice 2011) revised in 2021.
- 4.2. The Council has powers under Part 1 of the Local government Act 2003 to borrow (i.e. prudential borrowing) and invest money in accordance with statute. In carrying out these functions, the Council is required to have regard to statutory guidance, which is currently found in the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. As this is statutory guidance, the Council should follow the guidance unless there is good reason not to. The Guidance requires the Council to agree a treasury strategy for borrowing and to prepare an annual investment strategy, an interim report and an annual treasury management review this report
- 4.3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Treasury Management Strategy Group, and for the execution and administration of treasury management decisions to the Strategic Director of Resources (S151 Officer) who will act in accordance with the organisation's policy statement and TMPs.

5. Treasury Management Summary

- 5.1. The Council's Treasury Position as at 31st March 2023 shown in the table below:

The Council held £59.8m of investments as at 31st March 2023, with an average rate of 3.52%.

- 5.2. The debts portfolio as at 31st March 2023 was £415.4m with an average interest payable rate of 3.90% and an average maturity profile of 25 years. On the 11th May 2023 the Council executed £50m PWLB fixed long-term loan on maturity as follows (£25m for 42 years at 2.71% and £25m for 46 years at 2.68%) and 15th September 2023 £50m PWLB Medium-term for 6 years at 3.73% on maturity. The purpose of the borrowing is to replace short-term borrowing with long-term debts that were incurred to finance historical capital expenditure.

6. PROPOSAL

- 6.1 The attached appendix – The Annual Treasury Management Review 2022/23 - is presented to the Council for approval. This report details the treasury activities for the year, in relation to the overall treasury position and identifying how the Council has borrowed, and the impact on investment balances.

7. CONSULTATION

- 7.1 The Treasury Management Team and Treasury Strategy Group were consulted on the content of this report. Membership of these groups includes the following officers: Asst. Director Pensions & Treasury, Strategic Director of Resources, Corporate Director of Financial Services, Strategic Finance Advisors, Chief Accountant and Treasury Manager.

8. IMPLICATIONS

8.1 Finance

- 8.1.1 This report details financial activity in respect of treasury strategy for the year ending 31st March 2023. Recommended treasury strategies were implemented to maximise the value and effective utilisation of the Council's finances and in accordance with CIPFA's Code of Practice

8.2 Legal

- 8.2.1 The Council's constitution provides that all money held by the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the officer responsible for the proper administration of the Council's financial affairs Strategic Director of Resources (Section 151 officer).

- 8.2.2 This report sets out the Council's position regarding its legal requirements under the CIPFA Prudential Code, Code of Practice on Treasury Management in Local government, and other regulations

8.3 Equalities and Diversity

- 8.3.1 There are no specific implications, and as such, no Equality Impact Assessment is required

8.4 Sustainability (including climate change, health, crime and disorder)

8.4.1 There are no specific implications

8.5 Council Infrastructure

8.5.1 There are no specific implications

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

1. Treasury Strategy Group & Treasury Management Team Minutes (restricted)
2. Treasury Management Practices
3. Local Government Act 2003 and related Regulations
4. CIPFA guidance on Prudential Indicators