

4. ANNUAL TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR REPORT 2022-2023.

The Committee received for consideration the Annual Treasury Management and Prudential Indicator Report 2022-23 as presented by the Cabinet Member for Resources.

The report listed the activities that took place in 2022-2023 under the headings of:

- Investments
- Borrowing
- Security,
- Liquidity and Yield
- Treasury Management Prudential Indicators
- Prudential Indicators
- Leasing
- Rescheduling

The following issues and queries were raised on the report:

- In observing that the report included several acronyms, for the benefit of the reader, it was asked if future reports could include a glossary. The Cabinet Member for Resources supported by the Head of Financial Services agreed to include a Glossary in order to help understand the terminology and acronyms cited within the report.
- Reference was made to the Authority's investments return average rate of 1.82% which had exceeded the benchmark rates. In response to a query raised in regard to the benchmark rates, the Head of Financial Services explained the background and current situation of the benchmark process. In addition, following the determination of a new target for the period under review, it was reported that the average "90-day un compounded SONIA rate" was 1.81% whereas the actual rate the Council earned was 1.82%, equating to an out performance of 0.01%. An explanation was given of the change from the previous benchmark of the 7-day LIBID rate.
- Reference was made to borrowing and the interest rates. In acknowledging that the interest rates attributed to the borrowing of £20m was relatively low, concerns were expressed about the potential risk of interest rates increasing, therefore it was asked if there were any intentions to make further borrowings? The Head of Financial Services stated that there had been a sharp increase in interest rates, highest since the financial crash in 2008, however statistically over a number of decades the increase in rates were not as high as denoted historically. Furthermore, it was explained that the Annual Treasury Strategy that was approved in March by full Council included the required borrowing to fund the 2023/24 capital programme. Borrowing would be managed in line with the advice received from external treasury management advisors and continuously monitored against interest rates.

- In response to a query regarding the acronym DMADF, the Head of Financial Services explained that the acronym was for Debt Management Account Deposit Facility, which was the Governments Central HM Treasury, considered one of the most secure facilities to place money.
- It was asked, how often was the Counter Party Holdings reviewed? The Head of Financial Services reported that quarterly meetings took place with Link the Council's external Treasury Management Advisors, in addition as part of a daily alert system, any changes in the credit rating of counter parties would be managed rapidly should it be deemed necessary.
- Reference was made to the DMADF (Debt Management Account Deposit Facility) limit which was increased in April 2022 to £125m from £100m by the Director of Corporate Services under Emergency powers. In seeking clarity on 'emergency powers' it was commented that it would be beneficial to include in the report a section on why the emergency powers had been exercised. The Head of Financial Services clarified that the emergency powers had been exercised as a function of the significant cash balances that was being held, referring to the earlier response to a query that the DMADF was the most secure facility to store money.
- In response to a query regarding the 2022/23 borrowing, the Head of Financial Services explained that the £3.13m borrowing difference was due to the net repayment.

UNANIMOUSLY RESOLVED TO RECOMMEND TO COUNCIL that the Annual Treasury Management and Prudential Indicator Report for 2022-23 be adopted.

5. EXPLANATION FOR NON-SUBMISSION OF SCRUTINY REPORT

The Committee received the Non-Submission report in regards to the PSB Minutes for May meeting and noted the explanation and revised submission date of 18th October 2023.

UNANIMOUSLY RESOLVED that the report be noted.

6. FORTHCOMING ITEMS

The Chair reported that the Committee would be holding an informal meeting to receive information in regard to the Council's Call Centre. Following which, the Committee would consider whether to include onto the Forward Work Programme for further consideration.

UNANIMOUSLY RESOLVED that the list of forthcoming items to be considered at the next scheduled meeting be received.

7. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COMMITTEE HELD ON THE 16TH JUNE 2023.

RESOLVED that the minutes of the meeting held on the 16th June 2023 be signed as a correct record.

CHAIR

DATE