

TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW

Item AU 23/42 referred from Audit Committee of 25 September 2023

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during April to July of the current financial year. A mid-year review of the Treasury Management and Annual Investment Strategy for 2023/24 was also included in the report.

A full list of investments held on the 31 July 2023 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £813,500 was earned in interest to the end of July, which was higher than the original estimate for the same period. The increase reflected the continued upward movement of interest rate rises and the favourable rates available to the Council. During the period 1 April 2023 to 30 June 2023, the £5m investment in property funds generated dividends of £45,350 which represented an annualised return of 3.63%, compared to 3.29% in 2022/23.

Following the last meeting of the Audit Committee, the position of the Lothbury Property Trust had been reviewed and it was concluded that the new direction of the fund remained intrinsically the same as before but on a reduced scale, and the new strategy would focus on high conviction sectors such as student and commercial accommodation whilst reducing their position in the office and retail sector. As a result of discussions, an expression of interest had been communicated with Lothbury and a commitment would be provided to remain in the fund.

The parameters to limit the Borough Council's exposure to investment risks were summarised in Annex 5. There were no changes to the current approved risk parameters proposed at this time.

RECOMMENDED*: That the following be commended to Council

- (1) the action taken in respect of treasury management activity for the period April to July 2023 be endorsed; and
- (2) the existing parameters intended to limit the Council's exposure to investment risks, as set out at Annex 5 to the report, be retained.

***Referred to Cabinet**