

TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW 2024/25

Item AU 24/39 referred from Audit Committee of 23 September 2024

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 2024/25 was also included in the report.

A full list of investments held on 31 July 2024 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, £991,640 was earned in interest to the end of July, which was higher than the original estimate for the same period. The increase reflected the interest rate having been maintained at 5.25% for longer than anticipated, providing the Council with favourable investment opportunities. During the period 1 April 2024 to 30 June 2024, the £4.22m investment in property funds generated dividends of £40,320 which represented an annualised return of 3.21%, compared to 3.63% in 2023/24.

The Lothbury Property Trust had been terminated on 30 May 2024 after negotiations to merge the fund were unsuccessful. To date, the Council had received three payments totalling £853,850 of its initial investment. The remaining assets were expected to be sold by December 2024. Distributions would be made as and when assets sales had concluded, and dividends paid from income generating assets. Members were advised that the Council had operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy and in compliance with the Council's Treasury Management Practices and the Prudential and Treasury Indicators were attached at Annex 4 to the report.

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. However, future consideration would be given to the inclusion of borrowing and debt rescheduling in anticipation of the future needs of the Council.

RECOMMENDED*: That the following be commended to Council:

- (1) the action taken in respect of treasury management activity for the period April to July 2024 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**