



# Audit and Governance Committee

**8 November 2024**

Title:	2024/25 Treasury Management Mid-Year Review
Report of:	Ian Pantling, Senior Technical Accountant
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	N/A

## Recommendations:

A	Review and note the in-year performance against the adopted prudential and treasury indicators.
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## Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Delivering Best Value and High Performance
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Adhering to best practice guidance is a key element to demonstrate that the Combined Authority is performing well, CIPFA treasury management guidance requires that treasury management performance is regularly reported and reviewed.

## 1. Purpose

1.1	The purpose of the report is for the Audit and Governance Committee to review the in year performance against the prudential indicators included within the Treasury Management and Capital Strategies.
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## 2. Proposal

2.1	In-line with the Audit and Governance Committee's terms of reference they are asked to review and note the performance of the Combined Authority's treasury management functions against the performance indicators set in the approved Treasury and Capital strategies.
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## 3. Background

3.1	According to its Terms of Reference, the Audit and Governance Committee shall " <i>ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice</i> ".
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3.2	The Treasury Management in the Public Services: Code of Practice 2021 recommends that Members receive regular reports on the authority's treasury management policies, practices and activities, including a mid-year review progress report, which is a review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. This report represents the mid-year review report.
3.3	Appendix 1 to the report details the Authority's performance against the indicators agreed in the 2024/25 strategies. There have been no breaches of the agreed indicators so far during 2024/25.
3.4	The treasury management income budget for 2024/25 is £4.5m. Due to a combination of lower than forecast expenditure and interest rates not falling as quickly as had been expected due to inflation remaining higher than anticipated for longer, the current forecast is £9.5m, a £5m overachievement. It is anticipated that interest rates may now reduce following the fall in inflation (CPI) to 1.7% as at September 2024.
3.5	The overachievement will be reported to the CPCA Board as part of its regular budget monitoring reporting and incorporated in the 2025/26 Medium-term financial plan and budgeting process.
3.6	As can be seen from the benchmarking in Appendix 2, the Combined Authority benefits from higher interest rates due to the ability to lend a higher proportion of funds for longer periods. As a result of the impact to the cashflow forecast from the reprofiling activity linked to the MTFP process the Authority has sought to agree a number of longer-term deals to lock in higher rates before the impact of the expected series of base rate cuts. This can be seen in Indicator 5 – Principal Sums Invested for Periods longer than a year approaching its limit, and as at 24 <sup>th</sup> October 2024 there is now only £5m headroom for long deals with maturities beyond the year for 2024/25 and 2025/26.
3.7	Appendix 2 presents the Combined Authority's treasury management investment position benchmarked against other Local Authorities.

## 4. Appendices

4.1	Appendix 1 – 2024/25 performance against Treasury Management and Capital Indicators and Limits
4.2	Appendix 2 - Benchmarking of the Combined Authority's treasury investment portfolio

## 5. Implications

### Financial Implications

5.1 There are no direct financial implications other than those set out in the report.

### Legal Implications

6.1 There are no direct legal implications.

### Public Health Implications

7.1 There are no direct public health implications.

### Environmental & Climate Change Implications

8.1 There are no direct climate change implications although the Treasury team are monitoring emerging investment opportunities with ESG credentials to see if any can be utilised within the approved treasury strategies.

### Other Significant Implications

9.1 There are no other significant implications.

### Background Papers

10.1 None.